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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2064



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EAST EUROPE REPORT

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YUGOSLAV-ALBANIAN BORDER AGREEMENT

Belgrade MEDJUNARODNI UGOVORI supplement to SLUZBENI LIST SFRJ in Serbo-Croatian No 10, 22 Sep 80 pp 456-459

[Agreement signed between Yugoslavia and Albania on 27 June 1978, ratified by the Federal Executive Council and signed by its chairman Veselin Djuranovic on 14 September 1978 and took effect on 4 July 1979]

[Excerpts] Agreement Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the People's Socialist Republic of Albania on Measures to Prevent and Resolve Incidents on the Yugoslav-Albanian State Border

Whereas it is in the interest of both countries to prevent and properly resolve incidents that might possibly occur in future on the Yugoslav-Albanian state border and so as to preserve security on the border and to aid the competent government agencies in resolving border incidents, the Government of the Socialist Federal Republic of Yugoslavia and the Government of the People's Socialist Republic of Albania have agreed to combine in a single agreement the Agreement Between the Government of the Federal People's Republic of Yugoslavia and the Government of the People's Republic of Albania on Measures To Prevent or Resolve Incidents Which Might Possibly Occur in the Future on the Boundary of the Yugoslav-Albanian State Border, concluded in Ohrid 11 December 1953, and its amendments and supplements drawn up in Belgrade on 12 June 1971.

Article 1

The two parties to the agreement shall take all necessary, effective and lasting steps so as to eliminate all causes which might result in border incidents and to achieve security on the border.

Article 2

The term "border incident" used in Article 1 of this agreement refers to the following:

- a) the opening of fire from weapons of any kind or the casting of an object by the force of explosives from the territory of one to the territory of the other party,
- b) violation of the other party's air space,
- c) violation of the boundary waters of the other party,
- d) unauthorized passage of persons over the national border,
- e) movement, damage or destruction of boundary markers,
- f) the starting of fires on the territory of the other party or the spread of a fire to that territory,
- g) the aiming of a firearm at persons located on the territory of the other party,
- h) illumination of the territory of the other party with spotlights or signal flares,
- i) insults or provocation in words, writing or gesture toward the territory of the other party,
- j) other actions of persons which could result in physical injury or property damage on the other side.

Article 3

The following actions shall not be regarded as border incidents:

- a) the passage of persons to the territory of the other party in order to avoid a hazard caused by force majeure,
- b) the passage of persons to the territory of the other party in order to aid a person in danger for his life, if such aid has been requested,
- c) navigation in the boundary waters of the other party resulting from a force majeure, a breakdown of the vessel or in order to render assistance under the conditions stated under Subparagraph b of this article,
- d) the flight of an aircraft with crew in the air space of the other party or landing on the territory of the other party caused by force majeure, when this is established by both parties,
- e) illumination of the territory of the other party by the headlights of vehicles and incidental to the operation of equipment.

Article 4

If the vessel of one party has in the judgment of a patrol of the other party violated the territorial waters of that other party, at the request of the captain of the patrol the master of the vessel must stop so that they can jointly ascertain the position and write up a joint report on the situation as established.

If the patrol and the master of the vessel cannot reach agreement or do not agree on the position of the vessel, they are required to anchor floats (buoys) and to leave the place of the event and immediately notify their section of the LMK [local joint commission].

Article 5

Each party shall make the provisions of Articles 2, 3 and 4 of this agreement known to border personnel within 10 days from the date when this agreement takes effect and shall post them prominently in border watchtowers and other buildings of border units.

Article 6

The two parties to the agreement, for purposes of investigation and resolution of possible border incidents and for performance of other tasks under this agreement, shall establish the Head Joint Yugoslav-Albanian Commission for Border Incidents (hereafter referred to as the "Head Joint Commission") and seven local joint commissions for border incidents (hereafter referred to as "local joint commissions [LKM]"), for the seven border sections as defined in Annex 1.

Article 7

The Head Joint Commission shall consist of three members from each party, which shall be appointed by the governments. Aside from the members, specialists and auxiliary personnel may also participate in the work of the commission, up to five persons on each side. The parties shall communicate to one another the names of the chairmen and members of the commission through diplomatic channels within a period of 10 days after this agreement takes effect. Should there be a change in the chairman and members of the Head Commission, each government shall inform the other of this fact through diplomatic channels.

Article 8

Each local joint commission shall consist of three members and up to five specialists and auxiliary personnel on each side.

Each local joint commission shall have its specific border section as defined in Annex 1.

The names of the members of each local joint commission shall be communicated in good time at the meeting places (as indicated in Annex 2) when the commissions are founded and when changes occur.

Article 9

The Head Joint Commission shall have the following tasks:

- a) to propose practical steps to preserve the inviolability of the boundary of the Yugoslav-Albanian state border,
- b) to oversee the work of the local joint commissions and to decide and resolve the unresolved issues which they submit to it,
- c) to propose to the two governments steps they should take to implement this agreement,
- d) to draft rules and procedure governing its own work and the work of the local joint commissions,
- e) to propose to the government compensation for damage caused in the border region by a border incident or in some other manner.

Article 10

The Head Joint Commission shall sit regularly once a year, alternately in Yugoslavia and Albania. The meetings shall be chaired alternately by the chairmen of the two sections of the Head Joint Commission. Identical minutes shall be drawn up in two equally valid copies in one of the languages of the nationalities of Yugoslavia and in the Albanian language concerning the decisions taken and the measures proposed.

Issues which may have remained unresolved shall also be entered in the minutes along with each side's separate viewpoint.

The place and date of the next regular meeting shall be stated in the minutes. The two parties shall exchange copies of the minutes after they have been signed by the chairmen and certified by the stamp as indicated in Annex 3.

Decisions taken unanimously shall become binding after approval by the governments which are parties to the agreement.

The Head Joint Commission may resolve individual issues by exchange of letters between the chairmen or in a special meeting.

Article 11

In exceptional cases and at the request of one of the parties the Head Joint Commission must visit the scene of an event in order to establish [the facts] and resolve the incidents.

Proceedings at the scene of the event shall be directed by the chairman of that side on whose territory the incident has occurred. The commission must commence proceedings within 5 days from receipt of the summons of the other side. The chairman of the Head Joint Commission of the other side must respond within 48 hours after receiving the summons. The summons sent to the chairman of the Head Joint Commission of the other side should be signed by the chairman sending it and should be stamped. Minutes shall be written on the proceedings and decisions in accordance with the provisions of Article 10 of this agreement.

Article 12

The tasks of local joint commissions are as follows:

- a) to take steps to enforce the agreement and carry out decisions of the Head Joint Commission,
- b) to take steps to combat occurrences and causes which could cause border incidents,
- c) to investigate and solve border incidents and for that purpose to guard clues and other physical evidence and if necessary conduct an on-the-spot inquiry into the event and organize expert testimony,
- d) in the shortest time, but not longer than 48 hours, to perform the official delivery, with receipts, of persons who have crossed the border because of force majeure and persons who have lost their way as well as the delivery of property,
- e) to ascertain and assess damage caused by a border incident or in some other manner and to submit a report to the Head Joint Commission.

That section of the local joint commission on whose territory an incident has been committed must notify the other section in good time, but no later than within 10 days. That section of the local joint commission which has been summoned to go to the scene of the event or to come to a meeting must respond to the summons.

Local joint commissions shall resolve border incidents in meetings or by exchange of letters.

Local joint commissions shall if necessary meet and conduct proceedings on the scene where a border incident occurred. Identical minutes shall be

drawn up in two equally valid copies on unanimous decisions, and the copies shall be signed and stamped by the chairmen, they shall exchange copies, and they shall report to the Head Joint Commission.

Should the local joint commissions not agree, each section shall state its viewpoint in the joint minutes and they shall report to the Head Joint Commission.

The local joint commissions shall draw up official papers and correspond in one of the languages of the Yugoslav nationalities and the Albanian language.

In principle the local joint commissions shall not debate a large number of issues in one meeting.

Each section of the local joint commission shall have the appropriate stamp in accordance with Annex 4.

Article 13

The authorities of the party on whose territory an incident has occurred shall take all measures to preserve clues and evidence which might help clear up the incident until the arrival of the two sections of the local joint commission at the scene where the border incident occurred.

Local joint commissions shall work from sunup to sundown, and then each section shall return to its own territory unless bad weather conditions and the nature of terrain make this impossible. If they do not complete their work in 1 day, they shall resume it the next day.

Article 14

Members of local joint commissions shall cross the border on the basis of the summons of the other side, and on the basis of the pass whose form and content are defined in Annex 5.

The pass shall be issued and signed by the chairman of the Head Joint Commission of each side and shall be verified by the stamp of the commission.

Specialists and auxiliary personnel of local joint commissions shall cross the border on the basis of the list certified by the chairman of the respective section of the commission.

Article 15

Members of the Head Joint Commission shall cross the border on the basis of a diplomatic travel document, and specialists and auxiliary personnel on the basis of an official travel document.

Article 16

Members of the Head Joint Commission and of local joint commissions and their specialists and auxiliary personnel shall enjoy personal inviolability, inviolability of official papers and diplomatic status on the territory of the other party.

Personal effects, equipment necessary for work and vehicles shall be exempted of duty and all other charges provided they are returned.

Military and other uniformed persons participating in the work of the Head Commission and local joint commissions, including specialists and auxiliary personnel, may wear their uniform on the territory of the other party, but may not bear weapons.

The persons mentioned in this article shall be furnished the necessary conveniences to perform their official duties within the scope of the tasks defined in the agreement.

On the Basis of Authorization
of the Government of the
Socialist Federal Republic
of Yugoslavia,
Joze Strumbelj (signed)

On the Basis of Authorization
of the Government of the
People's Socialist Republic
of Albania,
Skender Alikaj (signed)

Annex 1

The following border sections are defined on the Yugoslav-Albanian state border:

1. from the limit of territorial waters in the Adriatic Sea to Ckla, to the A1-10 boundary stone--section 1,
2. from Ckla, from boundary stone A1-10, to boundary stone A2-22--section 2,
3. from boundary stone A2-22 to Bogicevica, to boundary stone B-28--section 3,
4. from Bogicevica, from boundary stone B-28, to Cafa Prusit, to boundary stone C-14--section 4,
5. from Cafa Prusit, from boundary stone C-14, to Serup (elevation 2105), to boundary stone D-24--section 5,
6. from Serup (elevation 2105) to Trebisht, to boundary stone E-24--section 6,

7. from Trebisht, from boundary stone E-24, to the intersection of the three borders on Lake Prespa--section 7.

Annex 2

The following meeting places are designated on the Yugoslav-Albanian state border, and the manner of delivery of summons and reports is defined as follows:

a) Place for notification of the Head Joint Commission: Bozaj--Hani i Hotit.

b) Place for notification of local joint commissions:

1. Sukobin--Dodaj,
2. Bozaj--Hani i Hotit,
3. Vrmoska Reka (pyramid B-14),
4. Cafa Prusit (pyramid C-14),
5. Vrbnica--Morina,
6. Blato (pyramid E-15),
7. Cafa San,
8. Sveti Naum (pyramid F-1),
9. Stenje (pyramid F-14).

c) Each party to the agreement shall send to the other party a summons through border authorities between sunup and sundown in the following manner:

The person designated to deliver the summons shall use the signal for summoning: a white flag about 100 cm long and 50 cm wide, placed on a staff 2 meters long.

The summons shall be delivered and received only at the points designated for notification on the border as given under Subparagraphs a and b. A summons may not be delivered nor received at other points.

The summons shall be written in the language of that party which is sending it--in the Latin script, typed if possible, or in legible handwriting.

The summons should state the precise time and place where the incident occurred and should briefly describe it, and then it should state the precise place for crossing the border and the place where the local joint commission is to meet. The summons shall be signed by the chairman of the local joint commission of that party which is sending it and shall be verified by the stamp.

3. This ratification order shall take effect immediately.

7045
CSO: 2800

INTERNATIONAL AFFAIRS

YUGOSLAV-ALBANIAN TRADE PROTOCOL FOR 1979

Belgrade MEDJUNARODNI UGOVORI supplement to SLUZBENI LIST SPRJ in Serbo-Croatian No 10, 22 Sep 80 pp 473-475

[Protocol signed in Tirana 2 November 1978 and ratified in Belgrade 8 March 1979 by the Federal Executive Council and signed by its chairman Veselin Djuranovic]

[Excerpts] Protocol on Commodity Trade Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the Socialist People's Republic of Albania for 1979

The Government of the Socialist Federal Republic of Yugoslavia and the Government of the Socialist People's Republic of Albania have agreed on commodity trade in 1979 as follows:

Article 1

Goods shall be exchanged between the Socialist Federal Republic of Yugoslavia and the Socialist People's Republic of Albania from 1 January 1979 to 31 December 1979 on the basis of the commodity lists A/1979--Exports From the Socialist People's Republic of Albania--and B/1979--Exports From the Socialist Federal Republic of Yugoslavia, which shall constitute an integral part of this protocol.

These lists are not restrictive.

The Yugoslav and Albanian goods not covered by the lists appended here may be an object of trade if the parties so agree.

List A/1979. Exports of Goods From the Socialist People's Republic of Albania to the Socialist Federal Republic of Yugoslavia

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Chromium ore	000 tons	170
	Kantropoe ore alone	"	50
2	Petroleum asphalt	"	15
3	Natural asphalt	"	2
4	Copper wire	000 dollars	300
5	Electric power	"	3,000
6	Sea salt	000 tons	20
7	Sulfur	000 dollars	200
8	Marble in blocks (red) and slabs	"	200
9	Miscellaneous chemical products	"	200
10	Essential oils	"	300
11	Rosin	Tons	600
12	Medicinal herbs	000 dollars	1,000
13	Gasoline	"	1,500
14	Naphthenic acid	Tons	100
15	Textiles	000 dollars	800
16	Cotton fabrics and knitwear	"	1,000
17	Cotton yarn	Tons	400
18	Cardboard	"	300
19	Tomato paste	000 dollars	50
20	Canned mussels	Tons	50
21	Dried fruit and vegetables	000 dollars	150
22	Tropical fruit	"	200
23	Alcoholic beverages	"	500
24	Tobacco	Tons	2,000
25	Consumer goods and handicrafts	000 dollars	300
26	Miscellaneous wood products	"	250
27	Building materials	"	200
28	Cement	000 tons	10
29	School supplies, phonograph records, etc.	000 dollars	100
30	Services	"	100
31	Miscellaneous	"	200

List B/1979. Exports of Goods From the Socialist Federal Republic of Yugoslavia to the Socialist People's Republic of Albania

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Reinforcing iron	Tons	8,000
2	Steel shapes	"	2,000
3	Miscellaneous sheet	"	740
4	Steel strip	"	200
5	Steel wire	"	250
6	Steel cable	"	320
7	Miscellaneous steel pipe	"	1,000
8	Cast pipe	"	340
9	Petroleum pipe (casing)	"	1,000
10	"Silpeps" balls	"	350
11	Silver in strips	Kilograms	540
12	Refractory brick	Tons	11,000
13	Asbestos	"	1,470
14	Aluminum shapes	"	100
15	Zinc shapes	"	120
16	Nonferrous metals and alloys	"	200
17	Ferromanganese	"	2,700
18	Ferrosilicon	"	1,700
19	Ferrochromium	"	580
20	Chain	000 dollars	47
21	Steel gas cylinders	Units	2,100
22	Molding sand	Tons	900
23	Valves	Units	3,700
24	Formalin	Tons	2,000
25	Paraffin	"	300
26	Muriatic acid	"	1,000
27	Adhesive (sintelan)	000 dollars	100
28	Bone glue	Tons	87
29	Asbestos products	000 dollars	240
30	Butyl xanthate	Tons	45
31	Ethyl xanthate	"	30
32	Metal drums	Units	2,800
33	Heavy hemp rope	Tons	300
34	Hemp twine	"	100
35	Miscellaneous raw hides	"	300
36	Cotton	"	2,000
37	Nails for shoeing horses	"	20
38	Inserts for packing eggs	000 dollars	11
39	Explosives, including gunpowder	Tons	1,500
40	Scythes and sickles	000 dollars	160
41	Laboratory glass for the pharmaceutical industry	000 pieces	500

List B/1979 (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
42	Zippers	000 pieces	300
43	Rubber hose	000 dollars	200
44	Fleece (coarse)	Tons	200
45	Synthetic fibers	000 dollars	140
46	Brushes	Units	400
47	Printing inks	Tubes	6,000
48	Snap fasteners	000 pieces	150
49	Screws, bolts and plates	000 dollars	32
50	Cigarette paper	Tons	30
51	Aluminum foils	"	100
52	Cellophane	"	100
53	Offset paper	"	100
54	Cigarette filter paper	"	36
55	Filter wrapper paper	"	30
56	CFU glue for cigarettes	"	61
57	AK glue	"	6
58	Miscellaneous seeds	000 dollars	20
59	Young poultry	"	15
60	Breeding hogs	"	40
61	Vegetable oil	Tons	4,000
62	Technical greases	000 dollars	600
63	Household refrigerators	Units	2,000
64	Unassembled television sets	000 dollars	1,300
65	Parts for radio and other communications equipment	"	160
66	Laboratory equipment and measuring devices	"	75
67	Spare parts for vehicles and ferode [(?) brake shoes]	"	150
68	Spare parts for cement trucks	"	10
69	Spare parts for tractors (ferode, etc.)	"	120
70	Spare parts for refrigerators	"	35
71	Other spare parts	"	30
72	Firefighting equipment	"	80
73	Miscellaneous machines and equipment	"	750
74	Services	"	400
75	Miscellaneous	"	200

3. This ratification order shall take effect on the eighth day after publication in SLUZBENI LIST SFRJ.

7045

CSO: 2800

INTERNATIONAL AFFAIRS

YUGOSLAV-MONGOLIAN TRADE, 1978, 1979

Trade Protocol for 1978

Belgrade MEDJUNARODNI UGOVORI supplement to SLUZBENI LIST SFRJ in Serbo-Croatian No 10, 22 Sep 80 pp 482-483

[Trade protocol signed in Ulaan Battar 9 June 1978 and ratified by the Federal Executive Council on 12 April 1979 and signed by its chairman Veselin Djuranovic]

[Excerpt] List A. Exports From the Mongolian People's Republic to the Socialist Federal Republic of Yugoslavia in 1978

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Natural sausage casings	000 bundles	105.00
2	Wild boar meat	Tons	10.00
3	Frozen rabbit meat	"	20.00
4	Venison	"	35.00
5	Meat of wild fowl	000 birds	100.00
6	Marmot skins	000 pieces	12.00
7	Souvenirs and jewelry	000 account- ing dollars	45.00
8	Goat hair	Tons	15.00
9	Dry salted horsehides	000 pieces	3.00
10	Dry raw camel hides	"	20.00
11	Sheep's and goats' hides, unsheared, sheared and close-clipped	"	70.00
12	Hides from heads of cattle	"	150.00
13	Fine yak hair	Tons	20.00
14	Scrap paper	"	700.00
15	Marmot teeth--canines	000 sets	25.00
16	Tourism	000 account- ing dollars	40.00
17	Miscellaneous goods (vodka, horsemeat, etc.)	"	50.00

List B. Exports From the Socialist Federal Republic of Yugoslavia to the Mongolian People's Republic in 1978

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Finished garments	000 account- ing dollars	132.00
2	Knitwear	"	58.00
3	Agar-agar	Tons	2.00
4	Cigarettes	000 account- ing dollars	15.00
5	Medicines	"	78.00
6	Camp showers	000 units	20.00
7	Bay leaves	Tons	5.00
8	Chocolate glaze	"	60.00
9	Miscellaneous goods (housewares, soup con- centrates, baby food and other foodstuffs)	000 account- ing dollars	250.00

3. This ratification order shall take effect on the eighth day after publication in SLUŽBENI LIST SFRJ.

Trade Protocol for 1979

Belgrade MEDJUNARODNI UGOVORI (supplement to SLUŽBENI LIST SFRJ) in Serbo-Croatian No 10, 22 Sep 80 pp 523-524

[Trade protocol signed in Belgrade 16 March 1979 and ratified 28 June 1979 by the Federal Executive Council and signed by its chairman Veselin Djurajevic]

[Excerpt] List A. Exports From the People's Republic of Mongolia to the Socialist Federal Republic of Yugoslavia in 1979

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Natural sausage casings	000 bundles	115.00
2	Wild boar meat	Tons	15.00
3	Rabbit meat (fresh frozen)	"	18.00
4	Venison	"	36.00
5	Meat of wild fowl	000 birds	90.00
6	Marmot hides	000 pieces	13.00
7	Sheep hides	"	18.00
8	Camel hides	"	30.00
9	Goat hair	Tons	17.00

List A (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
10	Souvenirs and jewelry	000 account- ing dollars	65.0
11	Miscellaneous goods (by-products of cattle and small livestock, scrap paper, etc.)	"	30.00

List B. Exports From the Socialist Federal Republic of Yugoslavia to the
People's Republic of Mongolia in 1979

<u>No</u>	<u>Commodity Designation</u>	<u>Unit of Measurement</u>	<u>Amount or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Sewn garments	000 account- ing dollars	241.00
2	Knitwear	"	112.00
3	Leather footwear	000 pairs	10.00
4	Bay leaves	Tons	5.00
5	Agar-agar	"	0.50
6	Medicines	000 account- ing dollars	60.00
7	Miscellaneous goods (lining for footwear and gloves, pipe fittings, cigarettes, toiletries, etc.)	"	400.00

3. This ratification order shall take effect on the eighth day after pub-
lication in SLUZBENI LIST SFRJ.

7045

CSO: 2800

IMPORTANCE OF STATE CONTROL IN ECONOMIC SPHERE

Tirana RRUGA E PARTISE in Albanian No 7, Jul 80 pp 63-71

[Article by Osman Murati: "Strengthening of State Control--an Important Factor in Perfecting Economic Management and Organization"]

[Text] Within the framework of the tasks assigned by the party for revolutionizing the method and style of work of the state and economic organs, the strengthening of state control plays an important role.

During the entire period of socialist construction, state control as a whole, and control in the field of the economy in particular, has played an important role in fulfilling the plan tasks, in exposing and eliminating shortcomings and weaknesses in work, in exposing violations of socialist legality, by waging an active struggle against manifestations of liberalism and bureaucracy. State control has served as a powerful means in the hands of our state of the dictatorship of the proletariat in implementing the party guidelines and directives, the laws, the decisions and tasks, by relying on the Marxist-Leninist principle "trust and control" in the work of the people.

For a Broader Understanding and Treatment of Control in the Field of the Economy

In our system of the dictatorship of the proletariat, state control acts as an important function of the socialist state, as a component part of its entire organizational and management work. And facts show that the broader, the more organized, the more systematized and the more profound this control, the better and the more punctually have the guidelines, the directives and the decisions been carried out, and the tasks, fulfilled. "Without control of the implementation of decisions, directives, decrees, rules and regulations—it was stressed at the Seventh Plenum of the party Central Committee—"there can be no management, discipline and fulfillment of tasks, consequently there can be no implementation of the party line."

Comrade Enver Hoxha stresses that the strengthening of state control is, among other things, one of the very important ways to expose and to oppose the manifestations of the pressure of bourgeois and revisionist alien ideology, of the pressure of bourgeois and revisionist alien ideology, of the pressure which they exert on our economic and social activity; if they are not combatted, these manifestations will lead to a weakening of work discipline, to an inclination toward globalism in the fulfillment of plan tasks, to excess

expenditures, to the harming and squandering of socialist wealth, and so forth. Its strengthening is one of the principal ways to expose on time and thoroughly the shortcomings and mistakes, in the field of the economy, like everywhere else, to prevent mistakes, violations and distortions of laws and, through thorough analyses, to determine responsibility and to assign measures and tasks so as to remedy the situation. Regarding this question we are guided by the Leninist teaching that: "Accountability and control everywhere, general and universal--accountability and control over the quantity of work and the distribution of products--this is the essence of socialist transformation now that the political rule of the proletariat has been established and insured." (V.I. Lenin, Works, vol 26, p 454.) Since this is the case, the strengthening and increase of the effectiveness of control in general, hence state control too, constitutes an objective necessity and an important link for the perfecting of management and for the accurate implementation of tasks.

Some problems arise in the field of strengthening and increasing the effectiveness of state control, including the need for this control to be better understood and treated, not as a function only of some specialized organs, but as an inseparable component of the functional tasks of every worker of our state and economic apparatuses at the center and the base, because without a daily, detailed, continuous and systematic control in every link of the economy and in every place of work, the fulfillment of the set tasks cannot be evaluated properly and on time. We stress this since precisely because of the gaps which exist in the exercise of this type of control, comprehensive and by all, the demand for accountability is, in many cases, poor and manifestations of liberalism are allowed in pursuing and implementing tasks; personal and collective responsibility leave much to be desired and, as a consequence, quite often there is lack of a proper attitude, and shortcomings and weaknesses continue to exist. And occurrences of this kind are not infrequent.

Thus, for example, in planning methodology it has been decided to plan and monitor production expenses for each unit of production, with the exception of some special cases, after approval by the competent organs. But what happens actually? Due to lack of a systematic control, which must be carried out starting with the basic unit of production by the workers themselves of the grassroots state and economic apparatuses, this exception in quite a few cases becomes routine, in a number of enterprises this artificial plan indicator is planned and is applied in a global manner, in terms of expenses and not according to the cost per unit of production, without concrete tasks for each unit of cost, for every brigade, sector and up to the enterprise level. How can we say that complete analyses have been made, based on a thorough control, by the agricultural units themselves and by the executive committee of the people's council of Kukes District, when the average cost for one kilogram of cow's milk in 1979 was exceeded by an average of 122 percent, and for one kilogram of sheep's milk by 78 percent? The controls which were made were superficial, and there has been a shallow treatment of the factors which affect cost reduction, the problems of increasing the yields of dairy production, the increase of the number of livestock, the securing of different types of fodder and at the lowest cost possible.

It is a fact that during the past year and during the first 6 months of the current year, a number of important successes were achieved in the fulfillment of the plan tasks, something which shows, among other things, the exercise of effective control by the state and economic organs. But in some economic enterprises and agricultural cooperatives, deficits have also occurred which reflect the weaknesses of controls which have been carried out. For example, some teams have gone to the agricultural enterprises of Gjirokaster District, Kruje District and Lushnje District to inspect and to help them overcome backwardness. Nevertheless, these enterprises closed the year with considerable deficits in the fulfillment of the plan. Many controls were carried out also in the fishing enterprises, in the Fieri food enterprise, and so forth, but they still continue to lag behind because, among other things, the control and the help of the state and economic organs have not been at the required level, thorough and dealing with urgent problems.

The practice of our socialist construction has fully proven the effectiveness of the control which is carried out extensively, by all the workers, through self-control, parallel control, from above to below and from below to above. The proper coordination of these forms of control in the process of their execution, increases ever more the active force of control in the implementation of the directives and of decisions, in the fulfillment of the plan tasks as a whole.

It is important that these forms of control, carried out by the party organs and organizations, by the state organs and directly by the working class and cooperative peasantry, stimulate, shake out of their routine work and lethargy the various state and economic links and all the cadres and workers for the fulfillment of tasks in the field of the economy. For this reason, the Seventh Plenum of the party Central Committee, by stressing that all these forms of control must be strengthened and coordinated and must supplement each other, stressed that: "If one of them is lacking or weak, the control of the implementation of decisions and of tasks will suffer."

Viewing the issue from this angle, the damaging aspect of the concepts and practices of those cadres and workers who consider control in the field of the economy as a task solely of the specialized organisms will become apparent. The strengthening of state control over the implementation of decisions and of directives broadly understood according to the party's guidelines, requires in the first place, a better coordinated work between the ministries and the districts, between the directorates in the ministries and the sections in the executive committees of the district people's councils and the branches in the economic enterprises and agricultural cooperatives. We stress this, because in this direction, despite the good work done, there continue to be shortcomings, weaknesses and deficiencies. The coordination of the work of cadres and of specialists in exercising direct and thorough controls, becomes necessary for the perfection of the work method and style, which requires special attention and treatment, otherwise the effective force of state control in the economy would be inadequate.

The increase of the effective force of control cannot reach the expected level without also achieving a close harmony between state control and worker-peasant control. The party Central Committee has set concrete tasks concerning this question.

Practice shows that the respective organs have made efforts in this field and that their effectiveness has gradually increased. Thus, for example, in the control which the State Inspectorate carried out in Gjirokaster District regarding agricultural problems, its activity was well coordinated with that of the worker-peasant control concerning the problems of work discipline, the application of agrotechnical measures, the maintenance and readiness of the farm machinery, and so forth. As a result of this cooperation, the effective force of control increased intensively and extensively, in tackling more problems in many economic units, in disclosing shortcomings and weaknesses and in activating all the levers in the agricultural units inspected for the elimination of the problems. At the same time, the worker control group was helped from the methodical point of view to tackle and treat the problems.

These types of work practices have also been carried out by other control organs, therefore it is necessary to draw lessons and make generalizations because much remains to be done in the field of the perfection of work coordination in these forms of control and of the concrete help which the specialized organs must provide to improve the level of worker control.

The soliciting of the thoughts of the masses, which has its source in our socialist democracy in action, is a necessary demand for the strengthening of state control and one of the main ways to fight manifestations of bureaucracy and liberalism. In practice, however, there are instances when this task is not properly carried out. One-sided and narrow-minded attitudes which restrict the control groups in the administrative-management apparatuses, which limit their contact and their consultation with the workers and the cooperativists in the section and in the brigade, where the production process takes place, as well as the concepts which nourish attitudes like "we know the problems," or "what more can the workers tell us than what has been told us by the workers in administration," or that allegedly "the cooperativists are afraid to express their thoughts," and so on, are harmful and the control becomes bureaucratized and formalized, therefore a sharp and continual struggle must be waged against them.

Let Us Further Increase the Effectiveness of State Control

Quite a few management links of the ministries and of the executive committees of the district people's councils, of economic enterprises and of agricultural cooperatives have organized and carried out complex economic-financial controls, subject controls and recontrols, calls for accountability, analyses and sessions, by coordinating the tasks between branches and establishing a continuous working bond between internal and external control. This rich experience constitutes a healthy basis to generalize and to expand control work in the field of the economy, to perfect the methods and the methodology necessary for a most effective control.

Practice shows that control becomes effective when the practical activity of every cell of the economy during the process of control is confronted with the demands of the directives, of the guidelines and of decisions, with the economic policy of the party, and on this basis, through the analysis of the facts and of phenomena, conclusions are drawn about accomplishments and non-accomplishments, by explaining the situation and by establishing the directions of the measures to be taken which guarantee the fulfillment of tasks. We stress this because there are instances when the necessary attention is not given to this confrontation. And this happens especially in those cases when controls are undertaken without proper prior preparations regarding problems scheduled for control, in order to know in detail the guidelines, laws and the decisions whose framework these problems are being treated. To improve the work in this field, it is necessary first of all to fight the mistaken concepts which exist among some cadres who say that "control is an easy job," that "we know the problems, we deal with them daily," therefore, "it is not necessary to make serious preparations for controls," and so forth. It equally is necessary to fight every manifestation of superficial knowledge of the work situation in the economic enterprise, agricultural cooperative or institution where control is waged, every manifestation of superficiality in revealing the causes of shortcomings, weaknesses and legal violations, in establishing the responsibilities and the concrete measures for the improvement of work, by thinking that "someone else will be found who will solve the problems." Every manifestation of favoritism and false friendship, which lead some inspectors, especially those who conduct internal controls, to liberal attitudes, to "talking around" shortcomings, to justifications such as "difficulties of growth," to softening criticism and the demand for accountability, to failure to take measures, must also be fought.

Special attention to the increase of the effectiveness of state control in the economy requires the strengthening and perfecting of internal control in the economic sectors, where the concrete activity for the fulfillment of plan tasks takes place directly, by considering it the basic control in the organization and the monitoring of the execution of tasks. As experience shows, this type of control, when continually carried out during all the stages of the production process, of the distribution and of the management of socialist property, when it is carried out without delay following every economic activity, reveals in time the positive tendencies as well as the weaknesses and shortcomings. Moreover, the correct functions of internal control in all the respective links of the economy, enable the expansion of control work, the coordination of the various forms of control, the placement of the working masses, as the party stresses, in the forefront of the struggle for the fulfillment of the plan and the defense of socialist legality.

Practice shows that internal control has not stood still. It has been continually perfected in accordance with the rapid development of our economy and under situations in which this development takes place. Nevertheless, it must be said that state control is still not playing the role which it should. Practice so far shows that its weaknesses are explained by the fact that it often does not act as a single control for the entire apparatus. Control is concentrated on small issues without seriously dealing with important problems,

with the causes behind the nonfulfillment of plan indicators, with the gaps in recordkeeping and management of material and monetary assets, with the problems of the harmony between economic and financial indicators, with the use of the wage fund and the volume of work carried out in the sections, factories, sectors and so forth.

The organization and the carrying out in a systematic and effective manner of the internal control in the economic enterprises and in agricultural cooperatives, cannot be achieved without first being evaluated by the cadres and the communists themselves, by the state and economic organs, from the grassroots up to the central ministries. The question here is to create, in the first place, just concepts, because it is not only the auditors or the financial workers who concern themselves with internal control, but all the workers according to place of work, by considering it as part of the functions of every cadre and worker.

For a More Careful Treatment of the Financial Control-Auditing Process

The financial control-auditing organs, which are a component part of the general state control, led by the party directives and the teachings of Comrade Enver Hoxha, have increased their efforts to carry out the assigned tasks. In general, their method of work has continually been perfected, and auditing of their activities has been carried out annually in the economic enterprises, agricultural cooperatives and institutions. Nevertheless, there are still problems requiring special attention in order to further raise the level of this economic-financial control.

Practice shows that the control of the financial side of the expanded socialist reproduction, which covers a very broad field of complicated relations, cannot be complete and effective if it is limited only to the control of the technical aspect of financial activities and is not applied also to some fundamental economic problems, such as that of production, distribution, productivity, cost, effectiveness of investments and so forth. This is the reason why the Seventh Plenum of the party Central Committee stressed, among other things, the need to strengthen control through the lek over production and distribution, over every process of work, by calculating with pencil in hand, by comparing the material values in weight, piece and value, by seeking the differences and the origins of their causes.

Of course, this control is not the duty only of the inspector or of the auditor, as some think. It is the duty of all those who are charged with organizing and managing production in the brigade, section, sector, factory, enterprise and cooperative, as well as of all of those who carry out the processes of work. The party recommends that anyone who produces and manages must also control. The specialized control-auditing organs have, of course, special and very responsible tasks in this field, which in order to carry out their tasks as correctly as possible, must apply their activity as close as possible to production, where the economic-financial activities are directly carried out. Thus, because in order to observe the way which the economic and financial discipline is carried out, it is necessary to accurately verify the movement

of products in the sector where they are produced up to their storage, as well as during transportation in the sphere of circulation, it must be closely verified to see how justified the expenditures from the wage fund and the material expenses on the basis of the approved norms are and how the production capacities are used and so forth.

The extension of control-auditing down to the grassroots level through a broader program and according to fixed objectives, can be achieved through a coordinated work between the apparatus of the central ministries, of the executive committees of the district people's councils and of the branches in the economic enterprises and agricultural cooperatives, and by the ever greater and better activation in these controls of the broad working masses.

A broad field of activity for the control and auditing organs is to control and help in the full application of socialist legality for the protection and proper management of public property, to discover cases of mismanagement, of damaging and of misappropriation of this property. It is a fact that during the past few years, these organs have improved their work in this sector. Nevertheless, it is still apparent that their detection work, and in particular their study and generalizing force to make fuller conclusions and to take more effective measures in order to prevent harmful activities in this field, is not at the required level. This is one of the reasons why despite the work done, there continue to be violations of financial discipline, property damage, especially in agriculture, in light industry and the food industry and in trade. In trade there are phenomena of the nonimplementation of the rules for weighing and measuring products, and full measures are still not being taken in adjusting of weights in wrapping and packaging of goods, in coordinating some warehouses, and so forth. In the collection enterprises, too, there continue to exist cases of remnants, which are a result of mistaken calculations of rejected goods, the result of incorrect assessment of the quality of the products by some collectors, by taking advantage also of carelessness and laxness on the part of the distributors of goods.

Also disturbing is the fact that often no corrective measures whatever are taken, or such measures take on a simply symbolic character, so no one can say that no measures were taken, thus infringing upon the general interests of the society. There are also cases when the control and auditing organs reconcile themselves with these attitudes. The party stresses that the struggle against offenders of socialist property cannot be carried out without taking coercive, disciplinary and administrative measures. The control and auditing organs should not be allowed to make any compromises on this matter, on the contrary, they must demand the full execution of the laws of the dictatorship of the proletariat, by fighting every manifestation of liberalism or sentimentality, which would lead to the weakening of the class struggle in the economic front.

The effectiveness of the control and auditing work increases greatly when the state and economic organs, the ministries, the executive committees, the enterprise directorates, the leaderships of agricultural cooperatives, assess the conclusions of the control, examine them in depth and take concrete measures

to rectify things and prevent harmful activities. Such is the task of every state and economic organ, and the opposite should not occur. When the examination of the conclusions of control by the respective organs is sometimes carried out with delay, entire months are wasted through foot-dragging, and as a consequence, control becomes stale, criticism is softened regarding shortcomings and weaknesses, and its preventive effect loses much of its impact. Totally inexcusable are, especially, those cases when some state or economic management organ, instead of considering the conclusions and the proposals of the control and auditing activity helpful, and dealing with them in depth, opposes and tries to introduce all sorts of justifications, out of petit-bourgeois fear that one might get a bad reputation, and so on.

By now, as in every other field, in that of control and auditing too, a rich experience has been gathered. Quite a few inspectors and auditors, sections and directorates which deal with economic-financial control and auditing, have steadily expanded and have improved their activity, by finding a solution to many problems which have to do with the elimination of the proven shortcomings and weaknesses. In order to expand this experience, sessions, seminars and consultations have also been organized. Nevertheless, these meetings for the expansion of progressive experience must better deal with the examination of the assimilation of the most effective methods which are used during the conduct of control and auditing process. Moreover, every management state and economic organ can organize model control and auditing processes which can serve as schools for the training of the inspector-auditors in all the links. Positive results have been obtained also through meetings and special sessions at the economic branch and district level or between districts to exchange ideas, to discuss methodology, and so forth.

The strengthening of state control in the economic and financial field constitutes an important aspect of the perfection of management and of the revolutionizing of the entire work method and style. As such, it must be perfected and upgraded in order to become as effective as possible in the general struggle for the fulfillment of tasks, for the execution of the party guidelines and directives.

5112
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SCIENTIST DISCUSSES POOR QUALITY OF GRAIN

Sofia RABOTNICHESKO DELO in Bulgarian 4 Oct 80 pp 1,4

[Article by Dimitur Dimitrov, senior scientific associate and Ph D in agriculture: "More but Also Better-Quality Grain"]

[Text] With each year that goes by the problem of producing sufficient quantities of high-quality grain moves ever more to the foreground and its successful solution becomes an ever more important task facing agricultural science and practice.

While the results regarding produced quantities in most cases have been satisfactory, the grain quality still leaves plenty to be desired. Due to subjective reasons, i.e. lack of exercised responsibility, insufficient know-how and ineffective supervision, grain quality in many locations has not reached the natural and scientific potentials. A slack attitude toward the problems of quality of production has led in practice to irrational utilization of grain varieties, of material and labor resources, and to poor supply of the food and fodder industries with high-quality raw materials.

The production of high-quality grain at high and stable yield levels depends on many factors, and requires not only suitable varieties and hybrids but also strict adherence to existing technologies according to soil and climate conditions in the different regions. Violation of the technological discipline, even in a single link, usually leads to irreversible lowering of the quality indicators and to smaller yields.

One of the main ways of obtaining better quality grain is to create and use in practice varieties and hybrids with high genetic potential as to quality. The results so far have proved the effectiveness of this method. The created wheat varieties and leguminous crops with high technological indicators, the high-protein and high-lysine wheat and corn represent an obvious proof of the possibilities of the selection to actively participate in the improvement of the raw material basis in grain production. However, there are still a few hybrid corn crops with about and even less than 10-percent protein contents which considerably decreases the biological value of the grain. In some of the past years there has been a wide difference in the qualitative indicators of many of the domestic soft wheat varieties. There has been a lack of hard wheat varieties suitable for the needs of production. These are some of the questions concerning the genetically based qualitative indicators of the varieties and hybrids which will have to be resolved by selection and application.

However, the genetic qualities of the varieties can develop only under suitable conditions. Decreased protein content in the grain of the intensive varieties and hybrids can result from poor seeds, insufficient nitrogen in the soil or use of unbalanced mineral fertilizer, damages from disease and pests and from unforeseen meteorological circumstances. This year, for example, the lower quality of sturdy wheat in some regions resulted from insufficient nitrogen in the soil, too many fertile stems, no measures taken against the wheat bug, etc. Even the best variety would not have high quality yields if suitable conditions could not be assured for the development of its genetic potential. Therefore, when planning one should always consider and guarantee the necessary optimal conditions for producing high-quality grain.

Quite often the grain quality deteriorates due to late gathering of the crop, breaking or injuring of the crop, drying under high temperature, storing in unsuitable premises and piling the grain in thick layers. In many cases considerable quantities of the late hybrid corn is ruined because of humid and unsuitable storehouses.

The production of sufficient quantities of high-quality grain for the needs of the national economy should be a national concern. Mandatory standards should be set and observed, comprising well-defined requirements as to selection, introduction, seed production and mass application. The quality of the production should be determined precisely by departmental and higher supervisory authorities, who should also bear some responsibility for their proceedings. The followed practice so far, to talk in general about the quality of the crops, to pass the guilt for the existing shortcomings in this case from industry to the buying organizations and from them to the producers and from there on to the selection, etc. makes the problem more vague and hinders any solution.

Our country is endowed with great soil varieties and meteorological conditions, which results in considerable fluctuation in the grain quality. Therefore, all studies in the country concerning this problem should be coordinated, supervised and summarized nationally. Only in this manner could one achieve unity and consistency in the scientific studies as well as effectiveness in their practical application. Most natural coordinator of this undertaking should be the Institute for Grain and Fodder Industry, which should take a leading place in dealing with the basic problems of the quality of the raw material sources of grain production.

An important premise in this instance is to work out protein charts for wheat, barley and corn, based on precise and uniform research methods. Such charts are necessary in planning the raw material sources, the territorial distribution of the crops, the economic layouts in the okrugs, etc. This major and responsible task could be fulfilled successfully and in shortest possible time by creating collectives of highly qualified scientific workers and specialists, working under the leadership of the State Committee for Science and Technical Progress.

The origin of the test probes is of great importance in establishing qualitative indicators of the grain. We are of the opinion that the practice so far of establishing qualitative indicators based only on material from specific samples cultivated under optimal conditions for the individual cultures, does not give a real picture of their development in mass practice. As a result there are discrepancies quite often between the expected and the real results. Mandatory analyses of the qualitative indicators of all domestic and foreign varieties allotted for distribution should be made not only of test samples but also of mass crops and in different districts

of the country. In this manner one would know with greater certainty and proof what fluctuations to expect and how much to depend on a certain variety or hybrid.

We must tackle and resolve the questions raised and at the same time improve the material-technical basis of grain production, as well as utilize to the maximum the natural, material and labor resources for obtaining during the 8th 5-year period greater quantity and better quality grain.

1010

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EMPLOYMENT POLICY, MANPOWER MANAGEMENT PROBLEMS DISCUSSED

Budapest MUNKAUGYI SZEMLE in Hungarian No 6, Jun 80 pp 1-12

[Article by Dr Ferenc Trethon, minister of labor: "A Few Current Questions of Employment Policy and Manpower Management"*]

[Text] Employment policy and manpower management are organic parts of economic policy and are implemented in close connection and interrelation with the latter. Our related tasks are primarily determined by the goal of the Sixth Five-Year Plan, namely, that the planned development of our economy must be based on and guaranteed by the improvement of the economy's internal and external balance. In the present slower pace of increase of the national income, the questions of productivity, efficiency and profitability come to the foreground more than before.

Thus the main requirement of our employment policy at present as well as in the future--aside from maintaining total employment--is the sensible use of the manpower at our disposal. This goal also means that we continue to consider human welfare--to the extent of our capabilities--as our primary task. In the spirit of the 12th congress, our attention is directed more and more to the human factors of building the socialist society. This is what we think about in working out our employment policy and the system of means for the practical implementation.

Our man-centered employment policy will be really effective if every worker works where it is most useful for society as a whole. It is an unpardonable waste if many thousands of people work at inefficient jobs. It is an important condition for the modernization of our manpower management to make every job human and economical and to eliminate those which do not meet these requirements.

A Few Characteristic Attributes of the Manpower Situation

It is a significant achievement of our socialist social order that it has created, and continues to guarantee, the total employment of working-age citizens. The number of active breadwinners dynamically increased in Hungary until the mid-1970's--or while manpower resources were still abundant. This was made possible, on the one hand, by the increase in the population and, on the other hand, by the fact that the economic activity of the classes concerned was steadily growing.

*Speech delivered on 9 May 1980 at the plenary meeting of the National Council of Trade Unions.

However, a new situation has emerged in recent years. The manpower has stopped increasing, the number of young replacements has decreased, and many persons have reached retirement age. The female manpower reserve of housewives has dwindled to a minimum: the level of employment for women has reached the socially possible maximum. The number of working-age retirees (disabled persons and those allowed to retire earlier) has increased. At the same time, the number of active breadwinners working beyond retirement age has decreased and we cannot count on an increase in manpower in the long range either. The processes taking place in the period from 1976 to 1980 have been--and remain--different in several aspects from the targets of the Fifth Five-Year Plan. The number of active breadwinners, instead of increasing by 40-60,000 as planned, is decreasing by 10,000.

The structure of employment is also different from what was planned. As a result of an increase in the absorbing capacity of areas outside industry and the efforts to make manpower management more sensible, the number of industrial workers, instead of increasing somewhat as planned, is decreasing by 100,000. The situation is the same in the construction industry as well, where a decrease of 50,000 is expected. In farming, the number of workers will decrease only by about 20,000, as opposed to the planned decrease of about 90,000.

In spite of the decreasing manpower, the increase of productivity is below that of the previous plan period. This indicates, among other things, that there will be further internal manpower reserves.

The decrease of staff in industry and construction is no extraordinary phenomenon. According to the example of countries which are more developed than we are, technical development entails a slow-down in the increase of the number of industrial employees; the number will even decrease eventually. This process began in Hungary in the mid-1970's, and will continue in the coming period; it is unjustified to slow down this process. To wit, this is a prerequisite for the change that is absolutely necessary because of an industrial manpower management that is inadequate even in the light of a much slower increase in productivity than would be possible and because of a decrease in manpower in the services. In accordance with normal economic development, the service--or so-called tertiary--branches increased their manpower even in recent years. This trend is expected to continue in the future because of the low standard and efficiency of the services, including the essential services and the background industry, which do not meet the justified public demand.

In the near future, because of the relative scarcity of financial means that may be realistically considered, there are only modest possibilities for expanding services. However, by increasing manpower, the quality and level of supply may be significantly increased without any additional investment, which is not negligible even from the standpoint of living standard policies. We consider it to be our continuous task, in the interest of the former, to create the conditions for increasing manpower and expanding the related possibilities.

Our manpower situation in past years was characterized by the fact that the management units did not lower their demands and continued to base their economic growth on staff increase in spite of a steady decrease in supply. This resulted in an unjustifiably exaggerated feeling of want--a so-called want-fever--which had a

negative effect for it looked exclusively at external factors in trying to find the causes of the alleged shortage of enterprise staff and expected the authorities to find the solutions. We often heard in the statements of economic managers an overemphasis of the negative effects of the demand for manpower that exceeds the supply. Instead of talking about eliminating the deficiencies in the use and employment of manpower, internal lack of work and manpower reserves that have been accumulated for any reason, they unjustifiably talked about the absolute manpower shortage, and this entailed many detrimental consequences and became the basis for casting the blame on others and an attitude of appeasement. This also played a role in the fact that there were hardly any initiatives to increase the efficiency of manpower use and to better exploit the given possibilities.

The exaggerated demand for manpower entailed an accumulation of internal manpower surpluses. This is corroborated by the fact that the alleged shortage of manpower at the enterprises did not cause any tangible disruption in the production, for the solution of possible problems was relatively easy through the exploration and use of internal surpluses.

The more stringent requirements of the 1979 economic regulation and the fast stand of the party and social organs and supervising authorities forced the management to assess the manpower situation more realistically. Caring for people making the workers' performance more efficient, creating the conditions for a better organized and better disciplined work, i.e., increasing the efficiency of manpower management began to play a bigger role at the various levels of enterprise management. This resulted in a more sensible practice of manpower management and entailed a decrease of the demand for manpower. The enterprises also began trying to decrease their staffs. None of this led to an external surplus of manpower or caused any problems in employment.

The decrease of the demand for manpower is not as extensive as it should be, however, considering the enterprises' existing internal resources. The process has not yet become wide-spread; its degree varies in the various branches, geographical locations and management units.

The present decrease of demand for manpower in the material branches--alongside with the slower growth in industry and construction--is expected to continue in the period of the Sixth Five-Year Plan. Accordingly, a further increase of the manpower supply is not planned for the coming five years. This cannot prevent economic growth, considering the existing significant internal surpluses.

The service branches and the areas which are still facing a shortage of manpower create adequate employment opportunities for the workers. It is to be noted in addition that the necessarily increasing number of the so-called small and medium-sized plants--their opening is within the framework of the modernization of our economy's enterprise organizational system--also entails a demand for manpower. The number of job-seekers as a whole is expected to match the demand for manpower.

Aside from maintaining total employment, our most important goal continues to be to increase the efficiency of employment. Our fundamental task is to free, or help regrouping, the manpower that exceeds the actual demand but is not used efficiently. By coordinating their measures, the central authorities, the councils and the

enterprises must ensure the smooth reshuffling of the manpower concerned. The present means of influencing job changes, and the institutions of retraining and continued training, are suitable for this task. In order to prepare for supposedly individual problems the emerging in different areas, our most important task is to forecast the expected processes in time. There is no need for extensive new regulations. On the other hand, it is a joint task of ours and the unions to come up with uniform definitions of the new processes and requirements, to conscientiously determine the tasks, and to prepare the organs concerned such as the council apparatus.

One of our current tasks is to improve the manpower management of administrative and supervisory institutions and enterprises and to carry out smoothly the staff reduction as specified by the Council of Ministers. In this regard, I think I must emphasize here that the measures mentioned are not directed against those who work in this area and do not mean that the importance of their activity is questioned. The point is that manpower can be freed as a result of the improvement of the work management at these institutions and the elimination of parallel or dispensable activities, i.e., the improvement of the efficiency of administration and supervision. It is not the work itself with which we had--and continue to have--problems but, in certain cases, its justification and the size of staff that greatly exceeds the actual need.

Staff reduction at the institutions concerned may be carried out gradually in the coming years; by natural attrition on the one hand, and by eliminating the existing vacant positions on the other hand. However, full solution means to match the manpower with the actual requirements of carrying out the tasks, to simplify administration and to make the processes more sensible.

The situation is similar in the case of employees in material production where the problem is, again, not the significance of the work they do, the unjustifiably and perversely large number of employees in many places.

Total and Efficient Employment Continues to Be Our Goal

Total employment is a historic achievement of socialism which cannot be surrendered. Aside from being politically necessary it makes sense economically, for it is evident that a country will become more affluent if all citizens able to work take part in the organized and planned activity directed toward affluence.

However, in addition to guaranteeing the implementation of the fundamental right to work, our employment policy must give an increasing role to efficiency and rational management. This means the sensible use of manpower in socially organized production and the creation of conditions that help establish the most favorable relationship between the real demand for manpower and the population's employment requirements.

This double requirement of the employment policy makes it necessary to redefine the principle and practical implementation of employment without absolutist standards and to sensibly separate the related tasks, rights and obligations of the state, the enterprises and the individuals.

It is a governmental and central task to create, through administration, planning and regulation, the environmental conditions which aid the matching of the demand for manpower with the supply, and to use the existing manpower resources for economically useful production.

The task of the management organs is to use manpower with maximum efficiency, to steadily explore the resources of manpower management and to free the manpower that is superfluous or can be used only uneconomically. It is not only socially detrimental, it is also against the real interests of the group and the individual when, mistakenly referring to total employment, the enterprises use our most valuable resources for uneconomical activity or work and thus prevent their most advantageous use from the nation's point of view.

In talking about the labor situation and the questions of manpower management, we have been thinking until now almost exclusively about the state or socialist sector of the economy. Our employment policy, however, covers the entire national economy and thus it cannot, by definition, ignore the so-called secondary economy. Although this sector is not significant in our national economy, the employment opportunities and the existing revenues there are essential for us in many respects. It is in our interest to recognize the secondary economy—for it is generally made up of useful activities which help in alleviating shortages and thus are important additional resources for our development—and to make better use of it in our social development. The transfer of manpower to this sector can contribute not only to better distribution in the socialist sector according to existing jobs, but can also aid in levelling-off the differences in revenues in certain areas of the second economy.

This is why it is very important, even from the aspect of employment policy, to regulate the cooperation between the socialist sector and the secondary economy and to connect this activity to our economic system and thus to make it socially organized.

The workers' right to work and to choose their jobs is redefined in the enterprise manpower management which is subject to efficiency requirements. We must realize that the obligation to do one's work in a disciplined manner and according to one's training and capability is inseparable from the right to work. The double standard, which can still be found here and there, is also untenable, namely, that the demand for quality in consumption is not on a par with the demand for quality in production. It must also be noted here that the principle of total employment does not include job selections which do not serve society's interests and are made exclusively on the basis of individual initiative, nor does it include the often continuous job changes which can be initiated only by the employee. It is also important to make it understood that total employment cannot mean the employee's defenselessness against the employer, but that it may not result in subjecting the enterprise's point of view to individual interests. We must change the view which has one yardstick for rights from society, and another for obligations to society.

Everyone has the right to choose his work—and his employer—according to his interests, expectations and family circumstances. This possibility for individual decision must continue to be maintained in the future. We wish to fulfill the

requirements of economic sense and efficiency in employment policy not through the use of administrative methods, but through economic means, interest and incentive. This does not mean limiting individual decisions, but rather appropriately influencing their scope and influencing social interests.

In determining our goals--and the means of providing incentive and assuring their achievement--we strive to satisfy as much as possible the concepts and demands of the individuals. This is not only in the interest of individual people, but in the fundamental interest of the society as a whole. However, the goals of employment policy cannot be identical with unconditional guarantees given to the individual. There can thus be in certain cases--according to our intentions, not too many--conflicts between the interests of society and those of the individual which must be solved to the benefit of the former. This is not only a characteristic of the coming period, but a natural attribute of our progress.

Some people may not be able to find a suitable job close to their home. It cannot be overlooked that some people may have to choose between higher income and a less lucrative job that is, on the other hand, closer to their personality and needs and is more advantageous. These are not extraordinary phenomena in every-day life. Nationally, security of existence connected with total employment is stable, and it is thus not only necessary but also possible not to solve the workers' individual social problems without being to the disadvantage of the efficiency of enterprise management or the justified requirements. It is sometimes justified and necessary, of course, to consider individual viewpoints, but these cannot be set against society's interests.

We must also know that in every case where management organizations solve individual social problems to the detriment of efficiency, there will be, in effect, lower budget receipts which are, among other things, sources for the increase in social benefits affecting large masses.

The Improvement of Employment Balance, and Manpower Mobility

An important prerequisite of efficient manpower management is the general and structural balance of employment. The lack of it is also manifest in the fact that there is a simultaneous shortage and surplus of manpower in certain districts, which further increase the already existing structural tensions. Since an increase in manpower cannot be expected because of demographical reasons, it is especially important not to let the labor structure, and any change therein, limit the achievement of our goals of economic policy and the change of the economic structure. This is why we must increase manpower mobility and thereby help to moderate the lack of employment balance and increase mobility.

The matching of the supply of and demand for labor takes place in the process of social and economic development in the form of labor movement, demographic change and change of jobs.

There are more than 1 million cases of labor movement every year in Hungary. The degree and direction of this large and constant movement is determined, among other things, by our school system, the support for mothers with children, the pension system, the number and quality of the existing jobs, the working

conditions and requirements, the distance between the workplace and the home and the conditions of transportation. A few forms of labor movement (such as, for example, youth starting to work, and retirement) are definite, another part is directed by central measures, and yet another part consists of job changes because of economic or subjective considerations, which is called fluctuation, in everyday language. Earlier, society disapproved of fluctuation. Today's public opinion accepts the leaving of a bad labor force as a timely matter, but the justification for leaving a bad working place is not yet generally accepted.

Although the majority of the movements can be considered justified and necessary, there are many unneeded and unhealthy job changes originating from individual interests that are contrary to the requirements of social and economic progress, do not help the rational distribution of manpower, hinder the development of the efficient sectors, and increase the tensions in the professions, the areas and the workplaces. We want to significantly moderate these by extensively and coordinately influencing job selections, by eliminating the conditions that result in one-sided and subjective decisions regarding labor movement, and by a wider practical application of incentives for socially justified mobility.

We must also pay more attention to easing the tensions arising from our school system which ignores the national economy's actual needs and structure and, in some cases, even its plans, and from a total effort to meet individual needs which does not reckon with the realistic possibilities at the time of choosing a career, and which thereby creates conflicts at the time of employment.

Labor mobility is not a goal in itself, but a necessity originating from the requirement for more efficient management. In the coming years, we must give special consideration to the mobility-increasing effect of two factors. On the one hand, a need for manpower transfer will emerge which is a consequence of the change in the production and product structure. On the other hand, the movement may be speeded up by those efforts which are directed toward the rationalization of the economic processes and toward the exploration and use of the internal surpluses. This will necessarily result in a manpower surplus in certain management organizations. Those enterprises which are able to adjust their economical production profile to the size and capacity of the existing manpower, will be expected to be able to use a significant part of the surplus mentioned within the given organization. This solution--if it is carried out with adequate efficiency--is the best variation. Supposedly, a significant part of the workers will find other employment within the framework of the natural labor movement (retirement, change of jobs out at one's own initiative) and without individual conflicts.

To our knowledge, the nonmassive regroupings, organized to affect smaller groups of workers, will not create any significant tension in the future either. It is understandable, however, that every transfer or disengagement of manpower has lively local repercussions in a given place. It is thus an important task of the state and social organs to thoroughly prepare such actions economically and politically, and to settle them smoothly and in a humane way. Transfers require a great deal of attention and understanding. We cannot forget either that the enterprise in our country is not only an economic organizational unit, but also a bearer of social conditions. The task is not simply to assure employment, but also to see to it that the diligent and conscientious worker will not become disadvantaged, either financially or as far as social benefits are concerned. We must also do everything in order not to allow the elimination or prevention of tensions arising from the organized transfers to put any limitation on the possibilities

open to the economic leaders to establish increased requirements or to consistently apply the principle of distribution according to performance.

Training, Aptitude, Readiness

In order to appropriately coordinate and bring scientific and technical progress, the number and composition of workplaces, and the manpower into relative balance, we must influence the direction and pace of motion of the factors under discussion according to the existing needs. The extent to which our educational and training system is able to contribute to increasing professional mobility is very significant. The structural changes that accompany economic progress make new requirements for training both in the schools and the workplaces.

In this connection the significance of a rational work distribution between the training schools and the enterprises greatly increases. In addition to professional training, the increase in professional preparedness, the expansion of the knowledge already acquired, and the development of an aptitude and ability to be receptive toward new circumstances is essential. All of this makes it necessary that--besides strengthening the school's role in basic training--in changing the technical structure of employment, the working place must have a greater role in retraining and further training.

Both scientific-technical development and the rapid change of factors that affect the conditions of economic growth raise requirements which the workers can meet only if they assume enough responsibility for their self-training, retraining and continued training, and if the enterprises feel obliged to create the conditions for learning. It must be evident to both individuals and enterprises that learning and training is tantamount to preparing for doing one's job conscientiously. Anyone who is not doing that will fall hopelessly behind.

The increase in the technical level of productive processes means not only the increasing use of more complex machines and working procedures. It also makes it clear that the efficiency of the operation of the man-and-machine relationship depends primarily on the abilities of the technicians who operate, control, direct or change the equipment and tools; it depends on the actual extent to which the workers are able to successfully use technology as a tool and accessory for their work. It also follows from this that the possibilities offered by modern machines can be utilized only by specialists with an adequate and constantly updated knowledge. Special training remains of primary importance even in the operation of man-and-machine systems. Man can always increase his knowledge, whereas the operating technology is incapable of this. Its up-dating can be realized only with man's cooperation.

One of the factors in doing one's job is the training necessary to carry out the task. This must be supplied first by the schools. But the role of the school is also decisive--in addition to training and developing an aptitude--in developing ability. The minimum level of ability must match the concerned party's diploma which proves his preparation. He is also supposed to have an aptitude. At the same time it is also apparent that training which is not entirely adequate and a disproportionately high aptitude may be compensated for to a certain degree, by readiness or an increase in readiness. In the future we must pay close attention

to the relationship between these three factors, and we must achieve more practical results primarily by building and increasing ability.

Optimum efficiency of the man-and-machine system may be attained only by complete harmony between human work and the equipment operated by human work. And the role and significance of trade schools in the wide and efficient use of "smarter and smarter" machines--indispensable from the viewpoint of our development--by highly trained specialists is indisputable. It is also evident that the acquired knowledge can never be "complete" or "finished." It is also important to have specialists who are not only trained, but who will also be willing and able to learn in the future.

This direction of retraining and advanced training supports the demand for continuity and teaching of up-to-date knowledge. It would be a big mistake to train tomorrow's specialists with yesterday's knowledge. It does not help either to attain our goals to give financial recognition for a diploma that proves the training instead of leading to higher efficiency as a result of newer knowledge.

In the course of production, skilled training is not simply "used up." Special knowledge is often acquired and shaped in the factory and in every-day practice. It is always connected to actual tasks and job profiles, and is being used under constantly changing environmental conditions. Knowledge is expanded in the course of work, and knowledge acquired earlier also changes. The result of this is that professional training, coupled with expertise, makes it possible to carry out more complex tasks that demand an ever wider knowledge and more responsibility. It lays the foundation for enriching the work's content, for increasing its level, for the maximum unfolding of capabilities and for the joy of creativity.

Our own experiences also make it more and more evident that a change in one's line of work is an important and necessary act. This is why we must from the beginning equip our specialists with a solid but general knowledge that is expandable in many ways so that the acquired knowledge can meet the new demands in case of a career change, and so that job specialization and job training can be based on it.

Leaders and Their Work

The majority of economic managers are doing their work with expertise and efficiency. Since the utilization of man's creative and value-producing capability--the most important resources--is an essential part of their work, the implementation of our tasks in employment policy and manpower management is inconceivable without the improvement of leadership in general and, within that, of labor-related functions.

It is certain that they are the ones most responsible in this respect as well. It is primarily their responsibility to sensibly define the concrete tasks and to sensibly plan and organize production. It is their responsibility to give the kind of tasks to the workers in which they can best demonstrate their knowledge and experience and in which they can give the most and can make the most money.

First of all, we must make a note on the definition of the concept of "leaders." Unfortunately, there is a widespread view which identifies as leaders only those

people who are in higher leading positions. This view is wrong. Any economic unit can work efficiently only if the concept of leadership is not confined to the first three top executives but includes the complete--and every part of--the chain of leadership, and if the tasks--and the responsibility for them--are clearly defined from the director-general to the head of the smallest unit.

It must be recognized that the specialists in management positions must hold their own in extremely complex circumstances. They must be very receptive in order to be able to make--and implement--decisions in the midst of technical interrelationships, which satisfy various interests, smooth the ever-recurring human conflicts, serve social and political goals, and give priority to efficiency. To have a clear picture of the problems, and to solve the problems, they must have high-quality training, broadmindedness, and exceptional political sense and, last but not least, a will to cooperate with the social organs.

One reason for the importance of the above requirements is that the tasks to be done are generally emerging as the results of numerous factors instead of being simple and clear. The leader must be flexible, must have initiative, and must be willing to take risks--within the appropriate limits of our principles and laws, of course. At the same time he must be able to concentrate on the interpretation and implementation of the tasks given to him and on making his own conceptions understood, implemented and organized.

It follows from the above that a management work is a many-sided activity which must be taken into consideration in evaluating his performance. In other words, evaluation must also be built on the principle of completeness. For if the responsibility of the leader is to combine parts of tasks and make the resultants efficient, then it is wrong to make him account for the state of the individual matters. To call to account individually and piece-by-piece, is to foster tactics, formalities and the making of "safety valves," and to cause an increasing lack of sincerity, which is an unwanted consequence of all of the above.

The things mentioned do not mean that we must accept and recognize the leaders' subjective manifestations. On the contrary, serious sanctions must be implemented for reports, for example, that are consciously misleading. It is beyond debate, however, that the basis for evaluating the leaders' performance cannot be anything but the actual performance manifest in the efficiency of the enterprise or cooperative.

It is important for both the appointing organs and authorities and social organs to trust those who have the courage to use new and up-to-date methods of leadership and organizational solutions in order to carry out their tasks. A leadership career must be made attractive to talented and capable young people so that they can make the most of the energy and individual ambition not in a secondary area, but in one that is important for society.

The leader must be trusted, must be allowed to unfold. If he is not capable of this within a realistic time period, then let us not "excuse" him but let us make it possible for him, in the interest of the community, to work in another capacity that is more suitable for him. For this, however, we must also change the social

view which considers a change in the leader's capacity as a "failure" and thus contributes to the unjustified and convulsive clinging to positions of leadership.

Let us acknowledge, then, the work of the leaders, both in its process and in the reflection of the entire product. Then we can expect leaders to have initiative, to use their creative imagination, to take risks and to take firm hold of--in close cooperation with the social organs--the collective they lead.

In addition to the general characteristics regarding leadership and its evaluation, it is evident that special factors may be found at the various levels of the "chain of command" which are only characteristic of the given place. Even in abstaining from the detailed discussion of the levels of leadership, it is necessary to emphasize the foremen who are in a peculiar position.

A special note on this group of specialists is warranted by the fact that not everything is right, according to experience, with their rights and obligations, their material and moral recognition and their replacement. While the higher-level economic managers spend a considerable amount of their time with so-called outside the gate matters and problems of the market, the foremen must deal with tasks and human and professional conflicts inside the gates. The foremen must take a stand at a point of the production process where the tensions of the rapport between man, machine and materials build up the most. This group is well-trained and capable of carrying out great tasks. Let us thus not forget that they are leaders at their own place, qualified not as much for dealing with crises as for leadership, and we must create the requisites and means everywhere, both in financial and moral terms.

The more stringent requirements for the leaders create, at the same time, significant expectations regarding the system of institutional manager training and extension training. In examining the methods and techniques presently employed by our economic managers, we must see that they generally are not up-to-date--with some evident exceptions--at those enterprises which have a decisive role in the world market.

This is harmful in two ways:

--it prevents us from obtaining maximum results with the existing forces of production;

--we are not taking advantage of the possibility inherent in a revival of leadership without any significant material investments.

In order to eliminate this deficiency we must deal more intensively and more purposefully with the development of aptitudes for leadership and with the employment of new and proven techniques. We must see to it that management training becomes more practical, i.e., that we show the managers methods, the usefulness of which is directly manifest in their activity's efficiency.

Modernization of the content of the postgraduate training element is a many sided and constant task requiring great responsibility and precise coordination. Its fundamental requirement is to build it on man-centered practice.

Under our socialist conditions, "the mental factors of material production" do not meet any opposition by the workers--as they do under capitalist conditions. Thus, in addition to a high-level organization of the use of material assets, we must continue in the future to make better use of the possibilities inherent in the human factors of the producing processes.

Unfortunately, it is a rather widespread practice for leaders to consider the matter of labor questions a task that is exclusively under the jurisdiction of the apparatus of manpower administration, and blame only this administration for the deficiencies. We must, no doubt, make serious efforts to improve the training of specialists directly working with the manpower, but it must also be emphasized that dealing with labor questions is part of the leadership activity. It is decisively the task of high enterprise management to develop conceptions in manpower management and wage management and to direct and organize labor activities.

The apparatus of manpower administration prepares and implements everything and thus its tasks, obviously, cannot be limited to employment, transfer, and the administration of the personnel's everyday operative matters.

We ask--and expect--much of the leaders in the various areas of life, whose task today is not to learn the art of making others sweat, but to create the requisites for sensible and meaningful work. This includes not only the technical equipment of the working place, but also human factors and relations. Not only should material production be well-oiled, but the atmosphere should also be conducive to work. Our society's humaneness must be present--and implemented--in everyday practice. The working place may be considered fully imbued with socialist democracy when its atmosphere is conducive to real action and when it demands--and fulfills--this action. This is indispensable to the leader who is doing his job according to the interests of society as a whole, for this is a requisite of unfolding the collective's creative powers and capabilities and is, at the same time, the best possible guarantee for the correctness of his decisions.

On the Enterprises' Organizational Activity

Reaching our goals--in the face of the unfavorable changes in the internal and external conditions of our growth--is a complex task.

It is an almost imperative necessity to use the domestic resources--by mobilizing primarily the existing significant surpluses in the economy--to counterbalance our difficulties and to create favorable conditions for increasing efficiency.

The requisites of the above include the definition and rational, organized and rapid implementation of the appropriate tasks that results in an optimal use of productive factors; that is, they include, among other things, the maximum use of the possibilities inherent in the improvement of enterprise organization. When we define enterprise organization as the requisite of efficient work and the means of reaching the planned goals, it is a justified requirement, then, that we should be much more critical about its present quality--but not by forgetting the results achieved in this area.

We say this because the regular evaluation and examination of organizational activity makes it possible to find the deficiencies in the economy, in the elimination of which this function also has a significant role.

The elimination of our lag—which is relative to our possibilities, and which is manifest in the productivity of the manpower at our disposal, in the output of production capacities, in the competitiveness of the products and, among other things, in the quality of organization, but which is unjustified by the differences in training and technical equipment—mostly depends on the extent to which we will be able to abolish the false view which holds that tasks related to organization are implementations of some kind of an "order from above," which is, then, either interpreted as a campaign goal or is unjustifiably narrowed down. This view considers the activity under discussion neither as a function of leadership, nor as an indispensable means for increasing efficiency through an optimal and rational use of productive factors.

But it is not only the international standards which we must catch up with, but also, and first of all, with ourselves; we must make better use of the possibilities inherent in the talents, knowledge and diligence of our working people.

Organization must include the entire production process, all areas of management and all categories of the workers' activities, from the shops through the enterprise as a whole. This is completely in harmony with the final goal of labor economy, efficiency increase and constant increase in national productivity. Everyone, workers and leaders alike, must organize his daily task. A smaller or greater degree of organization is needed not only for production control, but also for physical work. All of this is, however, only one side of the matter. An extensive and higher-class activity and the rationalization of production are much more important than momentary tasks. They mostly serve precisely to change routine jobs, and customary stereotypes or prevent the emergence of circumstances which hinder productivity.

As a result of scientific and technical development, a mass of new materials and processes is emerging in production, with increasing specialization and concentration. The use of complex systems of machines and the complex mechanization of production processes become widespread, automation becomes more rapid, the number and character of the various jobs change, as do the general erudition and professional competence of the workers and the organizational system of material production. These are the factors which also change the organizational tasks by making them more complex.

The effect of organizational work which is lacking awareness and organization and which sometimes does not serve primarily the realization of planned targets, and the effect of the lack of an organizational conception that constitutes the logical part of enterprise policies, is also manifest in the different levels of organization in the activities within the individual economic units. The gaps in organization which result from the disharmony between partial tasks increasingly become limitations from the standpoint of the economy as a whole. The situation is also not infrequent when the different levels of organization—not only within individual organizations but also between cooperating enterprises—also slow down the improvement of a more broadly defined efficiency.

The concept of external organization is still not a familiar one in our everyday language. For organization is defined by many people primarily as a requirement within the enterprise and understood as a more efficient management of labor, assets and materials. It must be understood, however, that a really successful enterprise activity is unthinkable without high quality cooperational work relations. The producer's and seller's joint market organization, for example, is a related question. In connection with the change in the production structure and the improvement of efficiency, it is an extremely important task in our present stage of development to develop the organization of the processes jointly with technology. This is so because it is not feasible to let the applied organizational solutions lag more and more behind technological development.

The improvement of the quality of function requires first of all the strengthening of the leadership's organization and an increased responsibility for this organization. This is necessary to avoid limiting organization to individual areas or to the alleviation of problems in every-day work, but to have it lay the foundation for mid- and long-range plans and carry out the tasks specified in them.

Organization must promote the preparation--and implementation--of complex enterprise plans which guarantee the priority of efficiency. There is no need for an independent--and thus partly self-centered--organizational plan. The need is for a determination of the organizational tasks necessary for the fulfillment of goals--with the least investment--equally in the field of production, sales, and development. Success can only be expected if the conceptions and actions are united both in planning and implementation. This is, first of all, a task of management, so much the more, as the risks in organizational measures and decisions must also be reckoned with. These are, however, nothing less and nothing more than the risks in other areas of independent enterprise management. Besides, they can be significantly lowered if the working masses are allowed to be involved in the preparation and practical implementation of the measures and decisions.

The modernization of the enterprise's organizational work not only promotes, but at the same time assumes, a developed plant democracy, a working place and enterprise atmosphere which demands the workers' creative activity and initiative and its utilization.

The present inadequate practice and the lack of a conscious, planned and rational organization of the manufacturing processes that also agrees with the workers' interests, is shown by the inadequate number of workers working according to output norms, the inadequate use of social work time base, and the large number of unjustified discrepancies in job conditions. Consequently, there is a low level of productivity, a lag in finishing new projects, and expenditures on developments exceed the planned costs and efficiency is unsatisfactory.

The significance of the loss resulting from the lack of organization changes qualitatively even in the modern industrial production, for it results not only in difficulties in the operation of one or another plant or enterprise, but also in a slow-down of their growth and the loss of their competitiveness. This is why it is especially important to determine and implement those concrete tasks which, on the one hand, help to eliminate the deficiencies and, on the other hand, prevent the

recurrence of inflated disorganization. This necessitates, both in the short and long range, a thorough evaluation and classification of the tasks and possibilities.

It would also be good to abolish the false view that modern organization means a change in all conditions, because this creates a constant insecurity, and in certain cases it leads to haphazard measures. And it does away right at the beginning with the advantages which can be attained with so-called preventive organization.

When we talk about organizational methods of other countries, everyone finds it natural that every minute of the working hours there must be filled with useful activity because organization takes care of that. In our country, on the other hand, there are still those who--putting aside the objective of socialist organization and the most efficient use, that is humanly possible, of productive questionable benefits that it entails. In our country, too, organization built on work and modern technology is a difficult and often painful task which entails conflicts and requires a hard struggle. It is based on a merciless examination and criticism of certain methods, it means a fight against innervations and habits, it gives time a central role, it makes performance measurable by establishing mandatory requirements and norms, and it pushes aside everything that slows down the normal and logical course of work and hinders the use of the workers' training and creativity.

Certain areas of work may become superfluous in a given place and there may be some people who must learn a new job or different working methods. This is mostly unpleasant. This is why it happens that the more organizational measures approach the individual's work, the more obstacles and opposition it faces.

What causes this? The fact that although organization is the best development, it is also the most difficult one, for this kind of "investment" takes place in people's heads. It is generally easier to exchange an old machine for a new one than to change familiar, reflex-like thinking and habitual schemes. In the interest of not letting the resulting tensions intensify, it is important to eliminate the misunderstandings regarding the role of organization, and to make people understand and respect this activity.

We must make the enterprise collectives the first to recognize the objective and meaning of organization, and to apply them in the practice of every-day production. They should clearly see that the elimination of the emerging economic problems, the flexible adaptation to external conditions, and even their individual financial interests depend primarily on the extent to which we will succeed, through optimal use of the internal resources, in guaranteeing an undisturbed pace of our development through self-effort.

In the course of carrying out the tasks related to the improvement of organization, efficiency, productivity and the circumstances and conditions at the working place are closely connected goals of identical value which cannot oppose or be subjected to one another. We must also consider in this regard that work discipline is better than average where the working conditions are generally better and the work is better organized: respect for, and loyalty to, the working place is

higher, and identification with the enterprise's goals is stronger in an enterprise where there are better social benefits. When we create wide possibilities for increasing the level of general education, professional training and mobility; when we guarantee a job for everyone that suits his talents--and that makes it possible to use his talents--then we also must create the working conditions accordingly.

Unfortunately, it still happens today that, in the hope of obtaining bank credit or state subsidy, and in order to make them "less expensive," investment proposals do not include investments related to the improvement of working conditions and social benefits. This practice is even explained: these do not increase production. The people holding this view forget that sensible work and favorable working conditions result not only in the workers' satisfaction but also in higher production.

The following statement, based on one of the reports of the Central Bureau of Statistics, is worth mentioning in this regard: that the working conditions have not improved as much as would have been possible or desirable despite a stepped-up mechanization of work processes and constant reconstructions. But working conditions have a significant effect on selecting--and staying in--one's career. At the present living standard and the present requirements of life style, manpower can hardly be directed to--and, even more important, to remain in--certain specialties through wages, or more precisely, through wages only. International experience also indicates that in every situation where incomes provide more than bare livelihood, working conditions play an increasing role in the use of the ability and willingness of the working man.

It is in our common interest to make a favorable change in this area for the workers. A requisite for this is, however, to emphasize the humanization of the work in evaluating investment goals and in determining the use of enterprise funds. The view must be made general that the existing material resources can be used not only to change unfavorable conditions, but also to prevent unbeneficial working conditions.

The working man himself is playing a larger role than before in increasing economic efficiency. We must thus adopt the view that no inhumane decision can be economical! It is also true, of course, that no step can be humane only without being at the same time directly or indirectly an efficiency incentive.

The Material Interest

From the aspect of the realization of fundamental goals of employment policy, socialist distribution and material and moral incentives are very important. We must never overlook: socialist equality means only equal opportunity, and cannot be identifiable with the egalitarianism that can be experienced in distribution. In other words: every member of society may work according to his ability, but the revenues--and thus the goods--may be shared only on the basis of individual performance.

The realization of socioeconomic goals is largely dependent on the extent to which we are able to make the incentive effect of the wages serve the attainment of our goals.

An appropriate material recognition of better-than-average individual and collective performance requires in practice a more extensive differentiation of incomes according to the quantity and quality of the work done.

Income differentiation is an essential, but not a single and exclusive, means of carrying out our economic tasks. The actual implementation of the principle of distribution according to performance, and the appropriate incentives for higher performance is hindered in practice by the widespread "egalitarianism." This method does not connect performance and incomes originating from work, and thus the incomes in many cases deviate only slightly from the average despite significant differences in efficiency.

The poor workers, of course, do not oppose this. The average workers—who constitute the largest group—are more or less satisfied, and the outstanding workers, although their performance is above average, do not have an interest in making an even greater effort. The trouble is that this kind of wage system does not make an average worker out of a poor one, or an outstanding worker out of an average one. On the contrary, the latter also begins to lose his vigor and pretentiousness.

It is an extremely dangerous consequence of this process that the levelling of the incomes will at the end result in a levelling of performance and—because of a lack of incentive distribution—in a down-shift toward the lower levels. This kind of a tendency makes the attainment of our goals in economic policy more difficult in the long run and jeopardizes our competitiveness and progress and it is thus against our social interests.

It is an economic requirement to make not only the individual but also the enterprise collectives interested in better performance. Accordingly, individual incomes must also be differentiated on the basis of the efficiency and profitability of the enterprise. According to the norms and requisites of the present regulation, enterprises of different efficiency and enterprises which increase their output to different degrees have different possibilities as well for increasing wages and incomes.

There are some people whose argument against the previous statement is that the enterprise's output is not equal to the sum of individual outputs. It is a real fact that a change in market regulations or in the economic conditions, for example, may affect the enterprise's output irrespective of individual performance. In spite of this, we cannot dispense with the incentives for the entire collective, if only because in this way there is a greater responsibility on every level of management and every employee may sense more directly the success, or possible lack of success, of the enterprise's work.

The lower efficiency of the economic processes is in many cases manifest in lower wages and incomes as compared to the plans or the previous year. In such cases, the first thing mentioned is often the inadequacy of the wage and income regulating system. Certainly this part of the regulation is not without any flaws either and needs a constant updating, but we would be misled by saying that this is the only reason why incomes do not increase. The unions also must take the stand that

the first obligation in this regard, too, is to uncover and to eliminate the inner causes of the phenomena, and only then can the external circumstances be blamed.

The wage and income regulating system has an adequate incentive effect only if it is coupled with the updating of the system of interests within the enterprises. This must be done in such a way that it can become an effective means of achieving the enterprises' goals and encouraging the workers to carry out their tasks. It must be considered that the workers as individuals see the individual elements of the system of interests within the enterprise instead of the centrally designed system of wage and income regulation, and feel their effect and consequences.

In updating the internal system of interests, it is generally beneficial to expand the kinds and content of the wage forms employed. Technical development gradually decreases man's role in determining quantity and at the same time increases his responsibility with regard to quality. On a longer range, we must establish and popularize wage forms which meet the new requirements. It is important to broaden the practice of group waging which makes it possible to base financial recognition on the performance of a smaller collective and to make the distribution between its members according to their quantitative and qualitative contribution.

In the course of our political and social development and mainly through the socialist brigades, the essential requisite of successful group work has been established: people working in a collective for a common goal who can and want to help each other. It is necessary to make a conscious and planned use of this advantage of our social system and to make it a basis for collective work and task waging. The requisite for success is to aid the realization of the political and educational goals of the socialist brigade movement through up-to-date organizational methods and means, and to achieve a higher efficiency through the unification of views and deeds.

Several additional measures, seeking to foster distribution according to performance, also urged an increase in the number of task wage earners. This is indisputably right as a general requirement. In this regard we also must reckon with the fact that the financial recognition of performance and differentiation have a real incentive effect only if they are based on factors which depend primarily on the work of the interested parties and at the same time also contribute, directly or indirectly, to increasing the efficiency of enterprise management. Thus in updating the internal system of interest, the degree of differentiated waging on the basis of performance must be determined in such a way that the tangible production increase that is beneficial for the enterprise is coupled with a wage increase for the worker that will really make him interested.

It also must be mentioned that a mechanical or slogan-like interpretation of wage differentiation has serious dangers. Such a false view is that the bigger the differences between the wages or incomes are, the more they serve the cause of material incentive. Two-fold and three-fold differences in wages at the same job mean, first of all, that the performance requirements are not appropriate: the norm and the tasks are set at the lowest performance level. This practice does not show, however, which individual is ill-suited for carrying out the given task.

It is also dangerous if, as a result of the existing and adopted incentive system, this or that worker's or working group's output "jumps" and if wage differentiations are made on that basis, changing almost periodically. In such a case, a manipulation of output requirements is presumable—not without any basis—which finally accomplishes egalitarianism over a longer period of time.

In connection with the above, we must mention our long-range goals with regard to differentiation.

The decrease in the differences apparent in the work performance of the individual workers and collectives is a significant reserve for increasing economic efficiency. Therefore regarding wage differentiation, we absolutely cannot prescribe these reserves for increasing efficiency to generally increase the differences in output. On the contrary, it is in our interest to make the practice of distribution according to performance help the sensible use of productive factors everywhere. The distance between the quantity and quality of the work and the proportionate wages must decrease by approaching the level of the best workers. We cannot accept in the long range the widely different use of the so-called potential possibilities of the individual management organizations—including, for example, manpower, machine equipment and market possibilities. Our objective can be only to make both the individuals and the enterprises (cooperatives) work and operate with an efficiency that approaches the optimum level. This requires not only determination, but also a search for the causes of the differences between individual performances and between the efficiency of the individual management organizations, the elimination of these causes, an analysis of the experiences of the best, and the propagation of the latter.

Quality work must be better, and more consistently recognized in the future, and the principle must be implemented that he who works better than the others, has a higher output and is engaged in a socially more useful activity, should also live better than his companions.

In examining the effect mechanism of material incentives, there are many people who say that we should encourage a more consistent wage differentiation according to performance in such a period when, because of our worries about balance, the pace of our economic growth can be slower and the pace of increase in real wages can be more modest than previously.

It is a real fact that the national economic indicators—the projected increase of real wages—are lower than in past years, but we must not forget that, on the one hand, incentives do not work through real wages but through nominal wages and, on the other hand, the macro-level average value is the result of differentiation at several levels.

The Role of the Mass Organizations

In connection with the foregoing, it is necessary to express a few thoughts about the importance of the cooperation between the party organizations, union organizations and the leadership. For the realization of our goals in employment policy and the improvement of our manpower management practice depends to a significant extent on sociopolitical conditions as well. To be able to engage in useful

activity in the area mentioned, one must be able to understand and feel the econopolitical and sociopolitical relationships of employment policy and manpower management.

This view can be implemented in practice only if the economic management requires the factory's part and social organizations to be cooperative partners in laying the foundation for carrying out the tasks and in organizing the implementation from the aspect of the movement.

The real support of the party and social organization is needed by the economic leadership to change the initial results apparent in our employment policy and manpower management into a permanent development tendency everywhere. This is needed all the more because all of those requirements which we are formulating today, previously were traditional and permanent elements of our socialist economic policy on the one hand, and new goals, on the other hand, which will be valid for a long time to come. The necessary changes related to the foregoing are not only complex tasks, but they also create numerous tensions--and require their release. Both in the work for the movement and in leadership, the rapid and timely recognition and analysis of the emerging problems--and immediate actions--is becoming more important than ever before. We must thus change not only the sensitivity, but also the speed of our reaction. We must decrease reaction time and improve our reflexes. The former also applies, of course, to the appropriate methods and successful solutions, for it is in our interest to recognize them swiftly and use them widely.

The factory's part and union organizations can achieve this, first of all, by concentrating their activity on the further improvement of the situation and by striving primarily to create the sociopolitical conditions for the efficient use of manpower. In the course of this, they can use their characteristic means to usefully cooperate in the exploration of manpower reserves, the improvement of the level of organization and the creation of conditions that foster the unfolding of the workers' ability and willingness.

The unions can play an especially important role in awakening the workers' demand for more up-to-date methods of plant and work organization, and in making the workers receptive to the use of the new methods. All of this means: to make them aware that in this way the interested parties themselves can actively influence the implementation of their own interests, because they also depend on, among other things, organization, which is a requisite for getting higher pay and a foundation for higher performance.

All of this presupposes efficient cooperation between the party organizations, economic managers and union organs in matching the interests of the society as a whole, the group, and the individual. There is a need for a movement of factory politics which is searching for the best methods of coupling the interests which can at the same time also make the function of the forum system of the factory's democracy more meaningful.

Our task now is to safeguard our achievements in economic progress, living standard and culture, laying the foundation for our later dynamic development. What

is needed to accomplish this? Among other things, there should be no one in our ranks who is satisfied with himself when he is not doing his job at his best.

In earlier years we used to say: we have to work as usual, only a little better. This view is unacceptable today. We must work differently from before, and first of all we must improve the quality of our work. What is needed to achieve this? More creative ability, to look for, and find, better solutions than before; deeper and more thorough knowledge, to work out more up-to-date and more economical methods, and, finally, an ability for renewal, a spirit of enterprise and courage, and an ability to use these talents in person.

We have a lot to do, but it is good to know that there are many of us who want to do something. We have a program: the resolution of the 12th congress, the honest implementation of which is our common responsibility. In the spirit of this, our attention must be focused, today, tomorrow and in the future, on the fact that it is not simply manpower, but man, who stands in the center of our employment policy and manpower management.

We are building a socialist society which serves the community, and which not only respects, but also raises man's value and the output of his talent and diligence. We proclaim: what is important is not what you are, what you "rank" is, but how much you do for the community. We must value work in man and man in work.

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DEVELOPMENT OF ECONOMIC TIES WITH BALKAN COUNTRIES EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 37, 12 Sep 80 pp 25-26

[Article by A. Constantinescu, Institute of World Economics: "Development of Economic Relations with All Balkan Countries Contributes to Security and Peace in Europe and the World"]

[Text] Development and diversification of bilateral and multilateral economic collaboration among the countries of the European continent, especially on the regional and subregional levels, are among the essential features of the general process of creating a climate of peace and security in Europe. Accordingly provision for an atmosphere of stability and peace in the Balkans plays an important part in the efforts to establish security and cooperation on the continental scale. Comrade Nicolae Ceaușescu, the president of socialist Romania, has clearly pointed out on many occasions the close tie between development of collaboration in the Balkans and construction of European security. As he said on the occasion of the recent official visit of Constantin Karamanlis, president of the Hellenic Republic, to Romania, "The Romanian people, committed with all their forces to the great task of national socialist development, are keenly interested in promoting extensive collaboration with all states of the world and especially with their neighbors, the states in the region where they live. We are constantly trying to develop relations of collaboration and friendship with all the Balkan countries, and we want the existing problems in this region to be solved peacefully through mutual understanding. We want lasting good-neighbor relations of bilateral and multilateral international collaboration established in the Balkans area, so that the Balkans will become a region of peace, friendship and fruitful cooperation and a region free of nuclear weapons. We also view development of Balkan collaboration in a politically healthy climate in the light of the general efforts on behalf of security and cooperation in Europe and specific implementation of the documents signed in Helsinki."

Development of economic collaboration, both in the form of trade exchanges and in that of economic and technical-scientific cooperation, with all other Balkan countries has been essential in the last 15 years especially as one of the main ways of implementing socialist Romania's foreign policy on establishing a climate of peace and security in Europe.

With the approach of the meeting in Madrid, which is to be an important occasion for mobilizing all peoples' efforts toward abatement of tension and creation of a true

climate of fruitful, mutually advantageous collaboration among the countries of the continent, consolidation and development of relations of good economic collaboration and cooperation among the Balkan countries takes on new proportions, especially since the Balkan countries' economic relations benefit by conditions favoring development of collaboration in addition to their geographic proximity on the subregional level. The Balkan countries' economies are on comparable levels of overall development, and they are actually among the developing countries. In this connection, the heavy emphasis placed upon development of industry and its share in the whole economy is a common characteristic of all the countries in the area, despite certain structural differences. The policies of medium and long-range economic development pursued by the analyzed countries have as a common denominator the attainment of high economic growth rates based on sustained investment efforts, especially in industry.

On the other hand, most of the Balkan countries' general economic development critically depends upon multiplication and expansion of the export markets for their products and of their foreign sources of supply. In other words, foreign economic exchanges play a vital part in development of domestic production and formation of the national income of every country. This crucial importance of foreign trade to the Balkan countries' economic development is also a major stimulant to greater collaboration in the Balkan area.

Due to the action of these factors, the bilateral economic relations among the respective countries have shown a rising trend in the last decade especially. Trade exchanges were developed and a number of cooperative programs of mutual importance to the participating countries were undertaken. Despite the results obtained so far, the proportion of the exchanges in the Balkan countries' total foreign trade is still relatively low, indicating that there are some major unexploited reserves for inter-regional economic collaboration.

As an active promoter of economic collaboration in the area, Romania specially emphasizes development of its economic exchanges with the other Balkan countries. The proportion of exchanges with these countries in Romania's foreign trade steadily increased from 5 percent in 1970 to 6 percent in 1975 and to about 6.9 percent in 1978, which are considerably above the levels logged by the other countries in the region.

This evolution is based upon the far higher average annual growth rate reached by the total exchanges with the Balkan countries (21.3 percent) than that of all Romanian foreign trade (16.5 percent) during the same period.

The long-term trade and cooperative agreements concluded between Romania and these countries, which agreements lend stability and continuity to relations, provide a favorable background to stimulate the economic exchanges with the other countries in the area.

Romania consistently tries to develop more stable economic and technical-scientific cooperation among the Balkan countries, and a number of mutually advantageous programs have been started with the neighboring countries especially, such as cooperative production of polyisoprene rubber, construction of a complex to produce olefins, cooperative programs in chemistry and the iron and steel industry, the Tarmu

*For example, in the case of Bulgaria and Greece a 1 percent increase in domestic production requires a more rapid increase of 2 and 1.5 percent respectively in the physical volume of trade exchanges with foreign countries.

Magurele-Micropole hydraulic and navigation complex, the mixed enterprise for heavy machine building in Giurgiu and Ruse with Bulgaria, the Iron Gates I and II hydropower and navigation systems on the Danube, the cooperation between the Pancevo Petrochemical Combine and the Timiscara Chemical Combine and that in production of electric locomotives etc. with Yugoslavia. Economic relations between Romania and Albania have shown a rising trend, characterized by an increased volume of reciprocal deliveries and extension of the list of products. The main Romanian products exported to Albania are drilling installations and petroleum equipment, electric motors, electro-technical equipment, components for radio and TV sets, chemical products, rolled steel products, mineral oils, tires etc. The Albanian foreign trade enterprises send Romania bitumen, chromium ore and concentrates, pyrites concentrates, power coal, sulfur and some food industry products. It is estimated on the basis of the good results so far obtained that the trade exchanges as well as the various forms of economic collaboration between the two countries will show a rising trend in the next few years.

So far the cooperation between Romania and Greece has mainly consisted of forming the Elpex and Terkolias mixed companies to market petroleum products and various other Romanian and Greek products, joint construction of automated telephone exchanges in the Ioannina and Thessaloniki communities and of lumber mill in Drama, petroleum drilling operations on the delta of the Nestos River and in the Kamotini area, and preparing studies for electrification of the Greek railways. President Constantin Karamanlis' recent visit to Romania occasioned the two countries' decision to expand cooperation in the basic sectors of the national economies. As for Romanian-Turkish economic cooperation, the main programs in various stages of implementation are construction of a crude oil refinery in Central Anatolia with an annual processing capacity of 5 million tons of crude oil, construction of a production capacity for sodium chromate and dichromate, and a number of other arrangements (especially for exploration and exploitation of raw material resources) expected to be made in the next few years.

Many other specific ways and means of expanding and diversifying the economic exchanges between Romania and the other Balkan countries are being considered by the parties and studied by the mixed commissions that check and analyze the accomplishment of the goals set in the long-term agreements for developing bilateral economic relations.

Romania's good results in developing economic exchanges with the other Balkan countries bear witness to the possibilities of stimulating collaboration in the Balkans area, and they may serve as an example of the method of exploiting (on the basis of the principles of respect for every nation's independence and sovereignty, noninterference in internal affairs, equality of rights and mutual benefit) the opportunities for collaboration offered by the growing economic potentials of the respective countries. Better exploitation of the above-mentioned factors (comparable levels of economic development; the same general policies in promoting investment projects, especially in industry and foreign trade; geographic proximity; and the existence of traditional ties on various levels), which have a favorable effect and can have an even more favorable one in the future in stimulating economic relations among the Balkan countries, can guarantee proper exploitation of the important reserves for economic collaboration.

On the basis of the experience acquired the need is felt of passing on to a higher stage of Balkan collaboration wherein multilateral cooperative programs will be considered alongside development of the bilateral economic exchanges. A start in this direction (especially for forming the general framework and determining the possible

courses of action) was made by organizing the Meeting for Multilateral Economic and Technical Cooperation Among the Balkan States in Athens in 1976, which made it possible to devote the participating countries' common interest in developing cooperation among them chiefly to five large fields (agriculture, trade, energy, transportation and telecommunications, and the environment). Note that the meeting was based on the viewpoint and prospects opened up by the Final Act of Helsinki, as an important multilateral action undertaken by the Balkan countries in pursuance of the decisions of the conference. It should also be pointed out that the meeting established the concept of multilateral Balkan cooperation among the countries in the area, but without making it appear as intended to form any closed group isolated from other countries. On the contrary, by virtue of the good effect it would have in the way of general economic development of every country in the area, greater participation in the world economic cycle, and stability and continuity of the exchanges, this cooperation would be a factor to encourage economic collaboration throughout the continent of Europe.

The results so far obtained in developing the bilateral and multilateral economic relations among the Balkan countries justify views that it is possible and necessary to find new ways and areas of cooperation to supplement the traditional trade exchanges that will make better use of their financial, material and human resources in order to satisfy mutual interests.

On this subject, cooperative production of electric power for example can be envisaged for the future, through better exploitation of hydraulic and thermal energy resources, and this cooperation could be extended to the formation of an interconnected power system in the Balkans. Another great and highly important field wherein cooperation among the Balkan countries can be developed is implementation of joint investment plans for exploiting and utilizing the mineral resources in these countries (lead, zinc, chromium, iron ore, coals etc.). The Balkan countries can also cooperate in various sectors of industry (motor vehicles, shipbuilding, tractors, machine tools, household electric appliances etc.) and of agriculture (irrigation, zootechnology), wherein some of these countries have come to acquire experience and results favorably regarded on the international level. A major role in the overall development of inter-Balkan economic relations could be played by cooperation in improving the economic substructure in these countries, and also in the services field. Plans could also be considered for improving the transportation and communications systems, possibly to the point of creating an integrated highway system on the Balkan level, and also for better use of the harbor and water transport capacities.

Such cooperative programs could take various forms, including formation of mixed companies based on contributions of capital, equipment, know-how etc. from the interested countries.

Expanded economic and technical-scientific cooperation in the various above-mentioned fields conforms well to the objectives of the medium and long-range plans for developing the Balkan countries' national economies.

Stimulation of the trade exchanges and implementation of specific programs in the foregoing fields (and also in other fields and in other forms of economic collaboration that can be discovered in the course of organized sectorial consultations among the Balkan countries) should be facilitated by providing a better framework for development of economic relations. For this purpose it could be highly practical to agree upon some measures both for organization properly speaking of business

relations (establishing institutionalized contacts between the chambers of commerce and industry of the countries in the area, creating permanent trade centers of the various Balkan countries in the other countries in the region, etc.) and for facilitating the reciprocal trade flows (by measures to simplify customs formalities, to grant rate facilities in the transportation sector, etc.).

These are only a few of the courses the Balkan countries can take to develop economic collaboration. As an essential component of the general process of securing a climate of understanding and friendship among the European countries, expanded economic collaboration in the Balkans can play a real, specific part in accomplishing the aims pursued by the countries of the continent, which aims will be repeated at the approaching meeting in Madrid this fall.

Deeply involved in the efforts to establish security and peace in Europe, Romania is militating for the formation of an area of understanding and collaboration in the Balkans, acting especially in the direction of closer economic ties with the other countries in the region. Romania's emphasis upon this major aim is attested by the many high-level meetings and contacts with chiefs of states and governments in the Balkan countries that will lead to further development of bilateral relations as well as the consistent promotion of the idea of expanding the inter-Balkan meetings and institutionalizing some definite structures for cooperation in various fields, structures which will help to stimulate multilateral collaboration in the area. The decision expressed last week by the presidents of Romania and Greece to resume the initiative of organizing multilateral meetings for agreement on the regional level upon some forms of cooperation in fields of common interest is particularly important in this respect.

As President Nicolae Ceausescu recently stated on the occasion of the official visit of friendship to Romania by the party and state delegation of Bulgaria headed by Comrade Todor Zhivkov, "Romania maintains good relations with all Balkan countries and is resolved to make every effort to develop collaboration among the states of this geographic area, socialist and nonsocialist ones, since it serves the vital interests of every people and the general cause of security and peace throughout the world."

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EXPERIENCES WITH NEW ECONOMIC MECHANISM DISCUSSED

Bucharest ERA SOCIALISTA in Romanian No 15, 5 Aug 80 pp 24-29

[Report by Ion Chirculescu: "The New Economic-Financial Mechanism, and the Communist Style of Management"]

[Text] A major imperative in our socioeconomic life is the efficient implementation of the new economic-financial mechanism in all areas of activity. Although one and half years have passed since it began to be generally applied, the new mechanism is encountering difficulties, being resisted by the old ways, by the custom of working without having to account for the economic results that are obtained. The ideas and indications included in the speeches that Nicolae Ceausescu delivered to the workshop of the Central Committee of the RCP in May of this year, and to the expanded plenary session of the National Council of Workers in June, define the sphere of action of party organizations and of collective management organs in enterprises, industrial centrals, and ministries, stressing the need to develop a new concept of economic development, a concept which will serve as foundation for assuring good worker self-management and economic-financial self-administration, resulting in an effective involvement of workers in management and in the solution of problems raised by the higher efficiency and profitability of the production of material goods. It goes without saying that the improved planning and management of socioeconomic life is not a simple problem and that it does not occur overnight; it does assume a collective contribution of competent thought and action, a high degree of responsibility, the elimination of old practices, and the overcoming of inertia and conservatism in economic activities. The debate organized by ERA SOCIALISTA together with the Sector I Party Committee of Bucharest, was attended by party activists and staff workers in the economy, and provided an occasion to examine some of the effects of the confrontation between the new economic-financial mechanism and practice. The participants described their own experiences, and at the same time expressed a number of opinions and suggestions about concrete means for the efficient application of the new economic mechanism.

Participants in the Debate

Marin Voinea, secretary of the Party Committee of Sector I Bucharest
Nedelcu Antonescu, director of the Otopeni Enterprise for Measurement and Control Instruments
Liviu Beghegeanu, deputy director general of the Industrial Central for Automation, director of the Automatica Enterprise
Ilie Bologa, secretary of the party committee and chairman of the workers' council at the Grivita Rosie Enterprise for Chemical Equipment
Maria Diaconu, secretary of the party committee and chairwoman of the workers' council at the Dacia Enterprise
Mihai Popa, deputy secretary of the party committee at the Grivita Rosie Enterprise for Chemical Equipment
Mircea Radulescu, trade director at the Zarea Enterprise
Florentin Visan, chief accountant at the Industrial Central for Chemical Equipment and at the Grivita Rosie Enterprise for Chemical Equipment
Leonard Zugravu, director of the Zarea Enterprise

Respect for Functions Conferred by Law

Marin Voinea: The most pressing problem in the effective and successful implementation of the new economic-financial mechanism, is a firm respect for the functions conferred by law, and in equal measure, a greater responsibility on the part of enterprises to increase the efficiency of production and profitability.

This major imperative polarizes all the concerns of the Sector I Party Committee. In the light of the party leadership indications, political education actions are being continued with greater intensity; they are intended to contribute to the understanding of the principles of the economic mechanism, so that the workers' efforts will result in diversified and high quality production, obtained under conditions of maximum efficiency.

The fruits of this more efficient work can be seen in high rates of net production and profit growth, and in a systematic reduction of material costs; they are ultimately found in a notable success: during this month, and more exactly on 8 July, the enterprises in Sector I succeeded in completing all their tasks for the current five-year plan, more than five months ahead of schedule.

This is an impressive success, demonstrating in fact that achievements could have been even better if in each enterprise, the communists and all workers had militated more perseveringly for the effective implementation of the new mechanism. This point deserves to be stressed inasmuch as experience has shown that the new mechanism can be asserted only through a sustained and collective action of workers in promoting new ideas, and in eliminating old practices and mentalities which are still harmful at all levels of economic administration. That is why in this vast action which we are conducting with increasing intensity, we are helping party organizations to understand

that this is not a matter of one more step or special measure to be undertaken, but rather of a multilateral and constant action, founded on concrete goals which include the whole existence of enterprises, and which focuses the workers' efforts on steady achievement of net and physical production, systematic reduction of material costs, most efficient utilization of production capabilities, improved product quality, adoption of new products, modernized manufacturing technologies, and superior exploitation of raw materials.

The manner in which these objectives are achieved represents the only unit of measurement for determining the efficiency of the party's work; not in terms of the number of meetings held or actions undertaken, but rather according to the efficiency with which the planned production is achieved, and to the size of profits. It is in the interest of party work to eliminate bureaucracy from the activity of party organizations, the more so since such attitudes are not isolated phenomena. More than a few party assemblies are subjected to perfunctory attitudes toward major production problems, with general discussions being followed by general measures, none of which carry an echo among the workers. These assemblies are no more accidental than the conservative, isolationist trends that are often encountered, or the repeated attempts at finding justifications for each shortcoming, placing the blame on factors outside the enterprise or party organization.

Nedelcu Antonescu: I find that a dialectical relationship exists between a firm respect for functions conferred by law, and the achievement of maximum economic efficiency in production. Because of this, the law on the organization and management of state socialist state units has assigned extensive functions to enterprises for the planning and administration of their activities, functions which far from being mere delegations of responsibilities, represent one of the major leverages for implementing the new mechanism and worker self-management.

In practice however, some of these functions find their niche with some difficulty. We are still encountering conservatism, which expresses itself in various forms, such as initiative limitations in enterprises, failure to consider the real potential of enterprises, punctilious supervision, or the issuance of all sorts of instructions for implementing laws or regulations.

Editor: What is the explanation for this situation? Are the principles of the new economic-financial mechanism not viable, or is our economy still not ready for the application of these principles?

Liviu Begheanu: Neither one nor the other! The principles of the new financial-economic mechanism are good, and fully meet the needs of the national economy, and the conditions created for a transition to a new quality and the achievement of a high economic efficiency.

If in practice some functions at the enterprise, and even at the industrial central levels have some difficulties in being implemented, I believe this to be determined by the transition from the old system of management and planning, to the new, improved system. In this transition region, the circumstances are not yet fully adjusted; the influence of the old mentality persists, and indicators are still expected to be established "upstairs" by CSP (State Planning Committee) and transmitted to enterprises through ministries and industrial centrals. This is no different from having failed to definitely eliminate the practice where ministries and industrial centrals hold the reins" of enterprises through a flood of indicators and fussy supervision, as has already been mentioned.

Ilie Bologa: I do not share the point of view regarding the lack of maturity of enterprises in terms of managing and planning their own activities.

The truth is, as stated by Begheanu, that the old relationships cultivated by excessive centralism, by routine, and by conservatism, still persist and manifest themselves here and there with various intensities, depending on the degree of implication of various interests at various hierarchic levels.

Without any justification, many cases ignore that the enterprise is the basic link in the production of material goods. As a result, nearly everything is reduced to plan figures, while man and the concerns and difficulties of the enterprise are shunted to the background. I often have the feeling that the enterprise is one thing, and the central organs another, a condition summarized by the popular expression: "You figure it out, there's nothing we can do about it, this is the plan, this is the situation."

Mihai Popa: I also do not share the point of view expressed here regarding the insufficient maturity of enterprises, although it might be true and to my knowledge such conditions do exist.

While some functions continue to be merely perfunctory, this situation is also cultivated, in my opinion, by the insufficient confidence placed in the enterprises. But under the conditions of the new financial-economic mechanism there are sound reasons for placing proper confidence in enterprises and workers' councils according to law, a confidence which in fact is fostered by the nature and character of socialist production relations. This of course does not mean blind faith, which borders on incompetence or a lack of foundation, but the confidence implied by innovation, collective thought, and the struggle for innovation and for economic efficiency. The Grivita Rosie Enterprise for Chemical Equipment, and to the best of my knowledge many other enterprises, have powerful party organizations, staffs that are highly experienced in production planning and management, competent engineers, highly qualified workers, as well as a climate which allows the formulation of opinions and criticisms. All these

facts do not justify discounting the functions of enterprises to any degree, but on the contrary, provide a strong basis for implementing the new financial-economic mechanism and for increasing the responsibility of enterprises.

Liviu Neghegeanu: I come back to the question which I already raised, because its answer, which is not a simple one, is very important to the successful implementation of the new mechanism. I want to stress that it is not a matter of so-called incompetence, but rather of the existence of a new concept in economic development, whose effect is that maturity in management becomes a dynamic catalyst of the workers' efforts. The range of reaction of any collective management organ can be limited, and its activity can be reduced, if it does not exhibit the dynamic thinking process that allows it to accept and work for what that which is new. How else can we interpret the concern consistently voiced by the party leadership and by Nicolae Ceausescu, to radically change our concept of economic development at all hierarchic levels as a fundamental condition for directing our efforts toward the qualitative aspects of production and for the successful implementation of the new mechanism.

Dinu Sandulescu: If there is one area in which enterprises are insufficiently well prepared, that area is data processing. And without it, we cannot use scientific methods for planning, organizing, and formulating decisions, which as we know, form a major part of the new mechanism.

In order to act dynamically and efficiently in the production process, we must effectively know, even daily, the level of the physical and net production achieved in an enterprise and its departments. Unfortunately, we only know the net production 15 days after the closing of the plan month, as a result of which we find it impossible to take effective actions against shortcomings, and eliminate the causes of higher production costs.

Maria Diaconu: The foundation of the plan on realistic bases is an essential condition for the implementation of the new economic-financial mechanism and for the development of each enterprise's personality.

Based on the law, notable efforts are made to take into consideration the actual conditions and capabilities of an enterprise during the plan formulation. Despite this, matters have not radically changed until now, so that enterprises are placed in the position of accepting the plan figures established by an industrial central or ministry, figures which in many cases are not very realistic.

Such practices are not likely to stimulate workers' collectives; they limit the assertion of worker self-management and diffuse responsibility, while encouraging perfunctory attitudes during the discussion of problems at general assemblies or workers' councils.

Florentin Visan: In planning practice, we often find that the proposals of enterprises are one thing, the adopted plans another, and the final, achieved plans yet another thing. This does not mean that we are talking about three versions of the same plan, but rather about one and the same plan, transmitted by the central, which to some extent and not always, considers the proposals advanced by enterprises and includes a number of errors, such as establishing material costs without accounting for production structures.

That is the situation at the Grivita Rosie Enterprise for Chemical Equipment, whose production is unique. As stipulated in the law, the plan is indeed formulated by the enterprise: it is based on limit indicators received from its supervising organs. But because the production is unique, its structure cannot be known until at least a few months before the beginning of the plan year; consequently, material costs per 1000 lei of goods produced are unknown as well, and are therefore based on the average costs of the previous year. But when we finally know the structure of our production and consequently our material costs, we are not allowed to make the necessary corrections, and are of course included in the consumption quotas approved by the state plan. As a result, planned material costs are much lower, but they do not correspond to reality. And so, although the enterprise completes its physical production with optimum material costs, falling within the consumption quotas in effect, its economic results are artificially reduced because the calculation of the value of net production takes into account the planned material costs, which are much lower and therefore create, on paper, a higher value of net production.

Leonard Zugravu: An essential condition for a realistic foundation of the plan is the timely supply of raw and other materials, to match the structure of production. By knowing its production structure in time, and by obtaining its technical and material supplies as a function of this structure, an enterprise is in a position to soundly base its manufacturing programs and therefore act efficiently on costs and consumption quotas. It is futile to formulate measures all year long, because unsteady supplies and the uncertain procurement of materials necessary for the manufacturing process greatly reduce the enterprise's possibilities to produce with maximum efficiency.

Mihai Popa: A point needs to be made here! The problem of technical and material supply is one thing for mass production, and another for the production of special products. Having said this, I will mention the difficulty of obtaining technical and material supplies for special product production, a difficulty compounded mostly by the impossibility of knowing the structure of production ahead of time, since as a rule, our customers are late in presenting designs for the installations they order. Without these designs, the enterprise must obtain its supplies by using the experience of previous years and the sketchy information it might have about the products to be manufactured.

Editor: Why must the enterprise which produces special installations, buy raw and other materials without knowing the structure of the production to be undertaken? This freezes funds, leading to supplementary costs which reduce profits.

Florentin Visan: To begin with, because of present procurement methods, the enterprise must specify its material needs at least nine months before the beginning of the manufacturing year. If it does not follow this procedure, which it cannot in fact do, it might as well close its gates since it would have no materials with which to work. So even though the new mechanism forces us to measure each leu and to use it as efficiently as possible, we are also forced to immobilize raw materials which every year amount to many millions and for which we pay interest.

Editor: What then is the solution? After all, an activity such as this one, with negative effects on profitability, is incompatible with the principles of the economic-financial mechanism.

Ilie Bologa: In my opinion, the solution is to reconsider the activity of the supply bases, so that they will fully meet their obligations. That's what they were created for! They must have on hand all the necessary raw and other materials in accordance with the plan tasks formulated for production branches and sub-branches. In this way, each enterprise would be able to obtain its supplies effectively and systematically, eliminating the dead storage of materials, uncertain procurement, and the searches among all the suppliers of these materials.

But what is the real situation? Our enterprise's contracts with its supply base cover only 5 percent of its needs, the rest having been contracted directly with suppliers whom we have found here and there at great expense of time and money. It is easy to understand then why we store raw and other materials, and why this would not happen if we knew the structure of production and were therefore able to obtain our supplies efficiently, as needed.

Florentin Visan: There is yet another aspect, which has acquired new meaning with the energy crisis, when particular stress is being placed on economies of metals, electricity, and fuels. Let me explain!

The fact that the supply bases are not what they should be, and that enterprises have to solve most of their problems directly with suppliers, encourages the waste of raw and other materials. In many cases, our requirements are for small quantities: 5-10 tons of sheet metal or bars of various dimensions. But the suppliers cannot produce in such small amounts, and we then must contract for five times as much as we need for the manufacture of a given installation.

Marin Voinea: From the standpoint of economic efficiency, I think that it would be a good idea to establish a minimum optimum stock which the enterprise should hold, and if not the enterprise then its supply base. The loss from idleness caused by a shortage of materials is always greater and very difficult to recover, than the "loss" implied by the costs of material dead storage.

Nedelcu Antonescu: The respect for the functions conferred by law on enterprises for production planning and management, must have a direct counterpart in a higher sense of responsibility on the part of the unit's collective management. A great deal of thought is therefore needed to find new solutions for the maximum use of production capabilities and work hours, for a better utilization of raw materials, and for improved product quality. Only in this way will the workers' efforts result in high efficiency, with the unit of measure being the day-to-day physical and net production, profits, and profitability obtained in excess of the plan.

Fruitful Collaboration Based on Dynamic, Efficient Work Style

Marin Voinea: A fruitful collaboration between enterprise, industrial central, and ministry, is of overwhelming importance for the successful implementation of the new mechanism, and for obtaining maximum efficiency in all the sectors of material goods production. The interests of the enterprise are not one thing, and those of society another. On the contrary, these interests blend organically, allowing social labor to be used according to the needs of collectivities; enterprises do not produce what they want and how they want, but strive to respond as well as possibly to market demands, seeking to make the best use of material and human resources, since that is what improves profits and profitability, and consequently the profit share of the workers. Naturally, in this complex process of changes in activities, there arise inherent difficulties, discrepancies, and so on, which can be best and most effectively overcome or solved by a collective effort of thought and action on the part of enterprises, industrial centrals, and ministries. As Nicolae Ceausescu has pointed out at the expanded plenary session of the National Council of Workers, no ministry leadership can think for all the managements of enterprises and centrals; on the contrary, they will find incomparably better solutions working and consulting constantly with these managements, formulating together with them plans and measures for implementation. It is only with the effective and constant support of ministries and industrial centrals that enterprises will be able to solve all the problems concerning the negotiation of firm contracts for the plan at the level of existing capabilities, the assurance of technical and material supplies, and the technical preparation of products.

In this way, the plan can be realistically based and can truly become a powerful instrument for stimulating the initiative and efforts of workers for the best possible exploitation of material and labor resources.

Maria Diaconu: Full and efficient collaboration between enterprises, industrial centrals, and ministries is not at all easy because the old relationships created by excessive centralization, routine, and conservatism, do not disappear by themselves. The practice thus persists of issuing directives without technical and economic foundation, with the enterprise's only freedom being to find its own solutions for fulfilling the plan.

More mutual trust, more concern for asserting the personality of enterprises and for the effective participation of supervising organs in the realistic fundamentation and fulfillment of the plan, are not mere slogans, but elements that define the new economic-financial mechanism.

Liviu Beghegeanu: For an industrial central to be a true functional organization, which will coordinate all activities, combine separate efforts, and encourage improved production quality, it must have the proper instruments and jurisdictions for management. The fact that it does not have the proper jurisdictions, being allowed to decide solely on trivial matters, explains a number of persistent shortcomings which harm the fruitful and systematic collaboration between enterprises, industrial centrals, and ministries.

Editor: According to the law, industrial centrals are invested with a number of functions; these constitute an effective instrument by means of which industrial centrals can efficiently manage and coordinate all activities, participating directly in the solution to problems.

Marin Voinea: The truth of the matter is that industrial centrals do not exercise as they should the functions that the law confers upon them. Centrals have very little effect in the cooperation among their subordinated enterprises and on the organization of labor and production in these enterprises. Yet these are some of the major functions of industrial centrals, which largely justify their existence.

Unfortunately, most of the current activities of industrial centrals are devoted to the transmission of the plan by assigning plan tasks to enterprises according to criteria which are at times arbitrary, and to centralizing the results obtained by enterprises in fulfilling the plan. They supervise activities mostly in terms of records, sending and receiving mounds of reports, statistical data, and various assignments. This in my opinion, also explains the inability of some centrals to be close to their enterprises and to participate directly in the solutions to problems.

Ilie Bologa: Industrial centrals must move beyond the present stage, where a large part of their activities are devoted to the distribution of annual plan indicators and the gathering of the same indicators at the end of the month or quarter. Centrals must focus more of their interests on cooperation, contracts, and the organization of production and labor.

Our enterprise is encountering many difficulties generated by poor collaboration with other enterprises and the failure to respect economic contracts. Instead of receiving effective assistance in solving these problems, we receive all sorts of assignments, some of them useless. Yet one cannot overlook the fact that in manufacturing its highly complex installations, the Grivita Rosie Enterprise for Chemical Equipment collaborates with more than 50 industrial units. The industrial central must therefore provide efficient and effective support, especially since this is one of its basic functions, and given that it now has a staff of 250 people as compared to the 70-80 which were employed in the past by the general directorate of the ministry.

Liviu Beghegeanu: Only by being fully aware of the real conditions, and only through an efficient participation in solving problems throughout the period of formulation and fulfillment of the plan, will an industrial central overcome old management methods, eliminating such practices as the calculation expedients they perform to avoid improper overages.

What are we talking about? When some of the subordinate enterprises do not fulfill the plan, the central seeks to correlate the indicators for the branch as a whole, using those enterprises which have surpassed the plan -- taking from this one and giving to the other -- so that the plan appears to have been fulfilled at the level of the central. But such practices pervert the efforts of each individual enterprise, fail to encourage workers' collectives, and foster perfunctory attitudes in discussions held by general workers' assemblies. In addition to this, the fictitious achievements indicated by the correction of indicators lead to shortages, since the paper coverage of failures in enterprises which do not fulfill their plans cannot cover the shortage of goods that were not produced. In final analysis this means an inability to honor cooperation contracts with other enterprises, and to satisfy the society's demand for usable products.

Nedelcu Antonescu: The ineffectual relations between the industrial central and its subordinated enterprises also result from the fact that the directors of enterprises are not part of the central's executive bureau. On the other hand, this organ does include department heads from the central; these officials' responsibilities are bureaucratic, honorary, in terms of the manner in which enterprises fulfill their plan tasks, yet these same officials are in a position to determine the fate of the enterprises.

This situation, which I find unrealistic, is justified with the argument that the enterprises are disseminated in various counties and at large distances from the central. But I wonder why this argument is not equally as valid when the directors are invited to meetings of the central's executive bureau? And there are quite a few of these meetings!

Maria Diaconu: Many problems could be effectively solved if the staffs of industrial centrals were to visit the enterprises to become aware of collectives' concerns, and to effectively contribute to the solution of

problems raised by planning technical and material supply, improved technologies, and better product quality. In many cases, the presence of representatives of higher organs is mostly perfunctory, limiting itself to notebook entries of the questions that are raised by enterprises.

Mihai Popa: Some representatives of the higher organs manage to concern themselves with all sorts of details, such as screws or flanges, sidestepping the enterprise's major problems, such as technical and material supplies, cooperation, and contract schedules. Others limit themselves to dispatching activities.

Leonard Zugravu: The efficiency of inspections is well known, and their role in performance is well accepted. Unfortunately, there are many cases in which a number of control organs, violating prevailing regulations, perform one inspection after another, most of them without justifiable efficiency, and with very few of them offering any help in decision making. At the same time, the inspections encroach upon the activities of enterprise staffs, who must provide all sorts of explanations, write reports, and fill out forms.

Editor: If they do not provide solutions to problems, then what is the role of these inspections?

Mircea Radulescu: While a series of inspections does not translate in a series of solutions, we must nevertheless formulate plans of measures. And monthly, we must report in writing the status of these plans, with a resulting paperwork merry-go-round!

Florentin Visan: In quite a few cases the enterprise is visited by entire collectives, which formulate plans of measures on the basis of an inspection, and who then leave; a few months later, they return to draw up another plan of measures but solve nothing.

Dinu Sandulescu: The work efficiency of management, as well as the collaboration between enterprise, industrial central, and ministry, would be much improved if the records system were to be rationalized by reducing the number of status and departmental reports, as well as decade, monthly, and even daily statistical data summaries. This simplification would cause some higher level organs to stop asking for all sorts of plans of action which require time to formulate, and would reduce the number of memoranda, instructions, and status reports.

Florentin Visan: This bureaucracy has become purely and simply suffocating. Every day I put my signature on countless papers of all sorts.

In our enterprise, to which the industrial central is attached, some situations are downright laughable! For instance, the man employed by the central sends his colleague employed by the enterprise various memos and even telexes, even though they share the same office and are seated across from each other. The explanation is simple: he must have proof in writing that he has executed an order.

I am chief accountant of the industrial central and of the enterprise as well. Insofar as the industrial central is the general supplier, I must sign, along with other management personnel, the contracts that the industrial central establishes with its subordinated enterprises. When these contracts reach the enterprise, I must in accordance with my function, also sign the document in which the enterprise enters its objections to the same contracts.

Editor: Then where does the responsibility lie?

Florentin Visan: That's what I ask myself!

Marin Voinea: The wonders of bureaucracy also reach in other areas. One of these is the bureaucratization, in a sense, of party work. As follows:

Since the state strongly restricts the rights of central and control organs to require all sorts of reports and paperwork from enterprises, the sector party committee, which is not subject to these restrictions, is brought into the act. We are thus used as intermediaries to obtain the needed information, thereby greatly reducing the effect of record simplification measures.

Nedelcu Antonescu: As long as the production plan of enterprises is based only on economic contracts negotiated in time, particular importance is placed on the time spent by the director on thinking, design, and collective management. This implies the elimination of the approach that draws management personnel into all sorts of activities. But to remain absorbed for the majority of the time in current problems, means that long-range thinking must be neglected. In my case, dispatching activities, and my efforts in technical and material supply occupy more than 60 percent of my working hours.

That is why I believe it necessary to create conditions for long-range work, so that some of the enterprise management staff will concentrate its special attention on economic contracts, supplies, new products and technologies, and market studies.

Leonard Zugravu: The availability of more time for planning also depends on the proper organization of the council's work, and on a rigorous respect of work programs on the part of each member. I stress this point because a great deal of time is wasted because not all the members of workers' councils fulfill their obligations, or because unfounded plan tasks require additional last-minute emergency efforts for completion of tasks. All of the above, as well as the dispatching activity, are performed at the expense of the part of the program which should be devoted to thinking and analysis, thus lengthening the work beyond its normal limits.

Mircea Radulescu: The proper operation of collective management assumes a thoughtful use of time on the part of the party secretary, who is responsible for the entire political organization activity, as well as for

the activities of the workers' council. This remark is even more to the point since a large portion of time is wasted in performing various functions outside the enterprise or in solving problems within the enterprise, all of which could be done just as well by other members of the workers' council. That is why my choice is to limit the number of meetings that the party secretary has to attend outside the enterprise, and to eliminate the practice of referring to him alone any question about problems in the enterprise.

Maximum Efficiency, Primary Criterion in Economic Activities

Ilie Bologa: The requirements of the new economic-financial mechanism demand a suitable solution to the problem of enterprises on which are grafted industrial centrals; such is our case, where the Industrial Central for Chemical Equipment and Refineries is grafted on the Grivita Rosie Enterprise for Chemical Equipment. Although the enterprise produces highly complex, unique installations with an annual value of about 1.2 billion lei, it is not a legal entity, has no trade director, and no chief accountant. Moreover, it fosters a number of negative practices which also harm the enterprise's activity. For instance, a number of good staff members of the enterprise have left it because the pay is higher in the industrial central for the same work and specialty. It would be more equitable if the pay for the same work were identical in the central and the enterprise.

Maria Diaconu: The successful implementation of the new mechanism is organically connected among other things, to a simplification of the indicator system. The elimination of the "total production" plan indicator is one good thing; it had become a hindrance to efficient activity because it encouraged the pursuit of high values in total production, meaning the largest possible consumption of the most expensive materials, as well as little interest in achieving the widest range of physical and net production.

However, very many indicators still exist, such as total production per 1000 lei of fixed assets, which except for their guideline role provide no information and do not help in setting foundations for decisions.

Mihai Popa: Some indicators are downright illogical, such as the "tons of equipment" indicator. Its use sets up an equality in terms of tonnage, between a highly complex installation that weighs 100 tons for instance, and a simple tank which weighs just as much. But while the production of one ton of installation takes 500 hours, that of the tank requires only 100.

This indicator is harmful because it orients the enterprise toward simple and heavy equipment which raises no problems in fulfilling the plan. Not to mention that such an indicator encourages high metal consumption and does not stimulate the fabrication of highly complex and lighter equipment.

Editor: What solutions do you propose for replacing this indicator?

Mihai Popa: We have already suggested some time ago a "ton complexity" or "equivalent ton" indicator which would meet the new requirements.

Liviu Begheganu: The income and expenses budget has the most favorable effect on production efficiency and the development of good stewardship. That is why we must act to increase the role of this budget as a major instrument in economic-financial self-management. Unfortunately, some practices prejudice economic efficiency in final analysis. For instance, year after year and for various reasons, some customers do not pay for the products which we deliver. This involves millions of lei. And that's not all. Because these amounts are not entered in the enterprise's income, even though the fault lies with the customers, we are considered as having failed to fulfill our sold and collected production of goods, and implicitly our profits, with all the subsequent negative results for the enterprise. Moreover, because the enterprise has not collected the amounts owed for products delivered, it is compelled to resort to credit in order to pay its suppliers and continue its production, and thus has to also pay interests. All of these reduce economic efficiency, even though the enterprise's collective has fulfilled its obligations.

I believe that the customers should obtain credit to pay their obligations, namely the products that they have bought, and support the interest payments themselves.

Nedelcu Antonescu: The concentration of design activities in institutes is a desirable thing, but I don't believe that it should be made absolute. Experience confirms this conclusion. Up to a few years ago, when the enterprise had a design shop, the renewal of production was more efficient. The shift of design functions from the enterprise to the institute has created difficulties which are likely to reduce the role of design in encouraging new technologies, and in saving metal, energy, as well as financial and material resources. In the first place, as compared to the past, the project is not performed in proper time but rather in the available time and at a cost which is 5-10 times as high, even though the shop is still located within the enterprise. In the second place, product design no longer takes into consideration raw material savings and the use of existing parts. This situation is determined by the fact that the value of the design project is a function of the number of parts designed, and the institute is interested in redesigning the total product, leading to longer pre-production stages and uneconomical expenses.

Marin Voinea: In all areas of activity the effort to implement the new mechanism is synonymous with the effort to increase net and physical production, and economic efficiency, and to heighten the role of worker self-management.

Based on the conclusions drawn from our accumulated experience, we are organizing the preparations for the general workers' assemblies that are being held at present, accenting the encouragement of initiative so as to discover new resources for the qualitative development of production, and

for the effective use of the human and material potential available in enterprises. We are equally concerned with increasing the responsibility of workers' councils for the rapid introduction into production of technical and scientific advances, the completion of net and physical production, the fulfillment of domestic and foreign contractual obligations, and the renewal of products.

The entire activity that we are conducting to implement the new mechanism defines the high responsibility of party organs and organizations, and the need to raise the party work to the level of current requirements. This is also the reason for which we encourage each organization to become integrated as organically as possible in the life of enterprises and to militate for the assertion of collective thinking and workers' spirit, for the plenary manifestation of those who work in the economic life and in the administration of the goods entrusted to society.

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CSO: 2700

IMPROVEMENTS IN INVESTMENTS SECTOR NECESSARY FOR GROWTH

Bucharest REVISTA ECONOMICA in Romanian No 37, 12 Sep 80 pp 17, 24

[Article by I. Capanu and P. Wagner: "Rapid Conversion of Investments to Fixed Capital Essential to Growth of Technical-Industrial Potential"]

[Text] Romania's economic development is accurately reflected by the growth of its national income, a process that has provided both for the growth and modernization of the economy's technical-productive potential and for improvement of the workers living standard. The efforts made in this direction required allocation of considerable investment funds that greatly increased the fixed capital, chiefly the productive capital including industrial.

The fixed capital is the main element of the technical-productive potential, and it amounts to about 2 trillion lei compared with about 760 billion lei in 1970 or 360 billion lei in 1960. This evolution indicates the great increase in the degree of technical equipment, as well as the necessity of the most efficient use of fixed capital for the rapid development of the economy. The policy of developing and modernizing the technical-productive potential, consistently implemented by the party, has placed industry in the front rank as a sector that determines the development of the other economic sectors while making a heavy contribution to the national income. Industry holds nearly 70 percent of the value of the fixed productive capital in the economy, a fact indicative of the emphasis that should be placed upon use of this potential to further increase industry's contribution to general economic development.

Since development and modernization of the technical potential directly depend upon investments and their volume and structure according to industrial sectors and component elements and upon the time it takes to convert them to fixed assets, it is clear that expediting construction of the investment capacities and making the most effective use of the activated fixed assets are vital to development of industry and the economy as a whole. Analysis of the ratio between the activated fixed assets and the investments according to industrial sectors brings out a number of points. Whereas in 1966-1970 and 1971-1975 the activated fixed assets showed increases close to those of the investments, relatively great differences between the evolutions of these two indicators have developed since the start of the current five-year plan. The investments in all industry were up 47 percent in 1978 from 1975, while activated fixed assets were up only 3.1 percent. Of course it should be noted that the evolutions of these indicators were affected both by the completion of some industrial capacities in the first 3 years of this five-year plan that were started and financed

during the previous five-year plan, and by starts of big, highly complex capacities in the first years of the current five-year plan with deadlines beyond that period. But as the party documents point out, a large number of investment capacities were not started or finished on time, and that increased the proportion of uncompleted investment projects and considerably impaired the overall effectiveness of the investments and fixed capital.

Table 1. Ratios Between Activated Fixed Assets and Volume of Investments in Some Industrial Sectors (in %)

1. Ramura	1966-1970	1971-1975	1976-1978
2. Energie electrică	91.2	77.2	87.4
Combustibil	89.0	86.3	88.6
Metallurgie ferasă	91.6	79.2	76.6
Metallurgie neferasă	91.1	82.7	82.3
Construcții de mașini	81.6	98.5	80.2
Chimie	91.9	83.0	86.4
Sticlă, porțelan, faianță	89.4	106.3	61.9
3. Total industrie	86.4	86.1	79.3

4. Sursa: Calculat după Anuarul statistic al R. S. România 1979

- | | |
|-----------------------|---|
| 1. Sector | 2. Machine building |
| 2. Electric power | Chemistry |
| Fuel | Glass, porcelain, pottery |
| Ferrous metallurgy | 3. Total for industry |
| Nonferrous metallurgy | 4. Source: Computed according to Statistical Yearbook of Romania 1979 |

Under these circumstances, as Table 1 indicates, the proportion of activated fixed assets in the volume of investments in all industry declined from 86.1 percent in the 1971-1975 five-year plan to 79.1 percent in the 1976-1978 period. For the main sectors of industry, the ratio between the activated fixed assets and the investments shows a more pronounced decline, in other words an increased volume of immobilized financial and material resources, with bad effects upon the productive potential of industry or the net output in industry and the national income. The calculations show that if the ratio between the activated fixed assets and the volume of investments in the 1971-1975 period had been maintained, industry's technical potential would have been increased by about 16.7 billion lei in terms of the fixed assets that would have been activated. On the basis of the net effectiveness of the fixed assets in the 1976-1978 period, the national income that would have been produced in industry alone through this potential would have come to about 8 billion lei.

The measures adopted in the last few months and the conclusions drawn at the Working Conference of the RCP Central Committee on 30 May 1980 are to be understood in the sense of complete exploitation of the existing possibilities and elimination of the defects that have developed in this area. These measures are intended to considerably reduce the unfinished investment projects, to accelerate activation of the started capacities as far as possible, or to enhance the possibilities of more pronounced growth of the net output and of the national income along with it.

The investments and the activated fixed assets are analyzed in the light of both the objectives of future economic development and the possibilities of implementing the

investment projects, or placing them in operation as soon as possible. To be sure there is a certain gap between the evolution of the investments and that of the activated fixed assets, but its increase affects the technical-productive potential of the analysed sectors and consequently the possibilities of increasing production and the newly created value. Analysis of the evolution of this correlation shows that the investments increased 1.12 times faster than the activated fixed assets in the 1976-1978 period. The ratio expressing the gap between the evolution of the investments and that of the activated fixed assets was chiefly affected by the evolution of the two indicators in the sectors specified in Table 2.

Table 2. Evolution of Investments and Activated Fixed Assets

1 Ramura	2 Fonduri fixe puse in func- tiune 1978/1975	3 Investiții 1978/1975	4 Coeficient de devansare
5 Total industrie	103.1	146.9	1.42
Metalurgie feroasă	114.3	147.4	1.29
Metalurgie neferoasă	110.1	132.6	1.20
Construcții de mașini	108.5	191.3	1.76
Chimie	87.6	139.9	1.59
Extracția minereurilor nemetalifere	101.0	180.4	1.79
Celuloză și hirtie	70.0	144.0	2.06
Textilă	80.7	136.4	1.69

6 Sursa: Calculat pe baza Anuarului statistic al R.S. României, 1979

1. Sector
2. Activated fixed assets 1978/1975
3. Investments 1978/1975
4. Coefficient of advance
5. Total for industry
 - Ferrous metallurgy
 - Nonferrous metallurgy
 - Machine building

5. Chemistry
 - Extraction of nonmetallic ores
 - Cellulose and paper
 - Textiles
6. Source: Computed according to Statistical Yearbook of Romania 1979

The declining ratio between the activated fixed assets and the investments, or the greater gap between the two indicators, shows that insufficient emphasis in planning at worksites and in procuring the manufacturing equipment was placed upon preparation for opening the investment capacities and the possibilities of completing them in the shortest possible time and eliminating useless immobilization of material and financial resources. In referring to these problems at the Working Conference of the RCP Central Committee on 30 May 1980, the party secretary general pointed out, "In general we have a very large number of investment projects started. We must see to it that henceforth the volume of investments does not exceed the operating capacity for 1 year and consequently the volume of finances for 1 year of investment projects. We must put a complete stop to beginning investment projects without thorough preparation and without securing the plans, the equipment or the appropriate material base." Immobilization of material and financial resources in unfinished investment projects deprives the production sectors of a number of capacities which, if activated in the shortest possible time, can make a major contribution to increased physical production and net output and, on the national level, to increased national

income and consequently to development of the material base of the living standard and the possibilities of future economic growth.

The party's measures to enhance the effectiveness of all economic activity and especially that of investments and fixed assets call for a considerable improvement in the enterprises' activity in order to increase the degree of intensive and extensive use of the technical-productive potential and to intensify exploitation of all possibilities and reserves for augmenting industry's contribution to the national income and the greater public good.

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CSO: 2700

IMPLICATIONS, ADVANTAGES OF OVERALL CONTRACT SYSTEM USE

Bucharest REVISTA ECONOMICA in Romanian No 38,19 Sep 80 pp 12-13

[Article by Alecu Busnita and Adrian Neacsu of the Ministry of Labor:
"The Overall Contract System - A Superior Way of Organizing and Paying
for Work"]

[Text] As part of the general context of measures established by the party and state leadership for the growth of efficiency in economic activities, the new economic mechanism stimulates the higher use of the material and human potential available in our country at the current stage. Within this framework, the elements of the pay system were also conceived and regulated so that they would also ensure the concentration of the workers' efforts in the units towards the achievement of the major objectives of the current stage and the merging of the personal interests with those of the units and, in the end, with the national economy.

Within the framework of the pay system, an important role is played by the means of payment, regarded as instruments for implementing the socialist principle of payment according to the quantity and quality of work performed.

The Judicious Determination of the Work Group's Plan Tasks

Experience has demonstrated that, depending on the degree of development of the national economy, the stimulation of solely the quantitative facets of production is not enough, requiring more and more consideration of qualitative aspects. From this point of view, the current regulations, such as the Law on Salaries, call for a series of means of payment applied according to the conditions specific to different places of work and can respond to the major requirements of national economic development and the specific needs in the units to stimulate the activities of the workers and other personnel in the desired directions.

Among the means of payment that have broad possibilities for stimulating the workers is the overall contract system. Within the framework of this means of payment, there can be a stimulation of the efforts both to make certain quantitative achievements and to attain certain qualitative

achievements (staying within standardized levels of consumption for raw materials and materials, conserving fuels and energy, improving products quality, producing certain items, parts or subassemblies on schedule and so forth). This is possibly because beyond the means of establishing goals, the overall contract system offers the opportunities to include within its framework diverse categories of personnel (workers directly involved in production, workers indirectly involved, workers involved in an auxiliary capacity, specialists, other categories of technical and specialized personnel and so forth) who, together, can cooperate under better conditions to achieve their goals.

The practice of applying this means of payment has demonstrated that its stimulative effects are not certain and truly efficient except under conditions where the application takes place on a technical-organizational basis that is well-established from all points of view. In this sense, it can be stated that the overall contract system actually is, first of all, a means of rational organizational of production and work and then, on this basis, a means of payment. Certainly, the overall contract system, as a means of organization and payment in itself, cannot resolve the complex problems involved in the achievement of plan goals. But, its application, requiring certain organizational measures from the very beginning, compels the units to do this, continuing to stimulate the workers collectives covered by the overall contract to maintain and, especially, improved the conditions created.

What characterizes the means of payment in the overall contract system, and differs from other forms of contracting, is the contract that is concluded for the achievement of a quantitative task under certain conditions stemming from the unit's plan and expressed in physical units. The contract in this overall contract system should not, first of all, be regarded as a legal document, but as a practical instrument for specific planning, analysis and sizing for all the tasks of the group covered by the overall contract system, calling for the orientation of the collective efforts toward the achievement of certain qualitative facets that are of interest to the unit during the current stage. The drafting of this contract is of the greatest importance since it contains both the interests of the group and each member of it and the interests of the unit. The importance of drawing up the contract also stems from the fact that it requires the unit to carry out a prior analysis of the means of achieving each task for which it will contract, in this way ensuring at the level of the entire unit the adequate organizational measures and the application of a salary policy in closer agreement with the major interests of the enterprise.

At the level of the units and differing from other contracts forms, the means of payment in the overall contract system raises some problems, beginning with the positive aspects we mentioned above, in concluding the contract in this system. This point in applying the overall contract

system requires the exact understanding of certain elements without which one cannot have either the rational organization of production or the stimulation of the collective in a certain direction and, in the final analysis, a process of high efficiency and maximum output. One of the essential elements that must be well understood in concluding the contract is the physical production that is to be achieved on a certain job, as a result of the unit's plan. That is why the planning, production scheduling, and production and labor organizing offices are called upon to play a more active role in exactly establishing from the very beginning the physical tasks that are to be achieved on a certain job. As a function of this aspect, one can determine the size of the group by skills and functions with precision and, where necessary, the category of jobs in a standard work group. On this basis, the total amount of payments can be established for the group if it fully achieves its quantitative, physical and contractual tasks.

In cases where, because of deficiencies in the activities of certain units, contracts should be concluded but the physical production that is to be achieved has not been figured out, application of the system will not be possible. There can be, however, some situations where a certain part of the physical production that is to be completed during a month, for example, cannot be determined for justified reasons at the time the contract is concluded. In such situations, it is not a question of rejecting the contract system, with the remainder of the physical production capable of being established to at least the level of the plan by a contract, and the remainder is figured out during the course of achieving the contract, keeping in mind taking all the organizational measures to ensure the achievement of these tasks.

One aspect that merits attention is keeping together the group covered by the overall contract system and what this means. In its participation in the achievement of tasks, a production section, in its totality, can be considered a group covered by the overall contract system since this group can assume its responsibility for the full achievement of its tasks. The section chief, together solely with those personnel that carry out their jobs at the level of the entire section and without the workers directly involved in production, cannot constitute a group covered by the contract system, as some units are inclined to feel, since this category of people alone cannot achieve the section's tasks, but only all the categories of personnel in the section. As a result, the contract in the overall contract system cannot be concluded at the section level, except when the entire collective in the section is involved, which then constitutes a group covered by the overall contract system. In a similar fashion, this type of contract cannot be concluded solely with the specialist, as some units incorrectly understood, with the rest of the workers not being covered by the contract, but must be concluded with the entire group headed by the specialist, who is also part of the group.

Work Groups with a Unified Character

The creation of groups covered by the overall contract system is of special importance, with this depending to a great degree upon the efficiency itself of applying the overall contract. In this regard, the practice of certain enterprises calls for the creation of certain unified groups covered by the contract system composed both of workers directly involved in production who are paid on the basis of work norms (of time or production) and of workers indirectly involved or involved in an auxiliary fashion who are paid a flat salary until they are incorporated into the group covered by the contract.

In referring to the group covered by this contract, we must stress the opportunity offered by this means of payment to include, in addition to the workers, all the categories of personnel that can make their contribution to the achievement of the tasks that have been contracted for, up to the level of a production section. The inclusion of specialists, foremen and section chiefs in this contract without a doubt creates favorable premises for the proper achievement of the contracted tasks.

Another element that must also be precisely understood from the very beginning and which still creates problems in the units is the qualitative aspect under which the contracted quantitative tasks must be achieved or, in other words, the conditions under which it must be achieved.

Keeping in mind the special importance represented now by the reduction of production materials costs and the rational use of raw materials, materials, fuels and energy, one of the conditions that must obligatorily be contained in this type of contract, as actually regulated by law, is standardized consumption rates corresponding to the contracted quantitative tasks and the planned costs of production. The principal problem that arises is the practical means of verifying these consumption rates at the level of the group where the contract was concluded. In many situations, the technical conditions are not created that will allow following the rates of consumption at the levels where they occur, although for these units knowing their rates of consumption compared to the standardized levels and using this to stimulate those personnel who could reduce these rates would be especially interesting. As an example, we will refer to the reduction in the consumption of electricity at an enterprise interested in this problem and which has a single device to measure consumption installed at the entrance to the enterprise. Under these conditions, the unit will certainly not be able to follow consumption rates and, further, stimulate the personnel in the sections and workshops having higher levels of energy use to conserve energy. The job of establishing specific measures that will ensure a noticeable reduction of material costs, stressed numerous times by the secretary general of the party, comrade Nicolae Ceausescu, cannot be achieved except under the conditions of exactly understanding the specific amount of consumption for each product and each part.

The application of the overall contract system requires, therefore, a more substantial contribution of thinking on the part of the specialists in each unit with regards to the establishment of specific means of following the standardized rates of consumption at the group level where this type of contract is concluded for those raw materials, materials, fuels and energy whose conservation represents a major interest for this unit and the national economy.

The application of the overall contract system requires, similarly, the anticipated establishment of certain techniques for determining and following the standardized rates of consumption for raw materials, materials, fuels and energy, as well as certain other conditions that are outlined in the contract, such as, for example, the quality of different products or projects.

Another condition that must be outlined in the contract is the timeframe of achieving the tasks and the full achievement of the contracted production. According to the specific nature of the different sectors of activity, the contract can call for a steady rate of production as an obligatory condition or give intermediary milestones for making different items, parts and subassemblies outlined in the contract. To the degree that these are produced, it provides the continuity of the production processes in the other sectors where there is cooperation. For example, the processing sections in the machine building units must provide at a steady rate and in the necessary variety all the parts needed at the appropriate time by the assembly sections to finish the product.

The Stimulative Relationship Between the Degree of Fulfilling the Plan and the Size of the Payment

The experience accumulated to date shows that the application of the overall contract system has had a favorable effect in increasing the concern of the leadership of the units for a better organization of production and labor and for a steady supply of raw materials and materials, and, at the same time, has brought about an increase in the interest of the workers and other categories of personnel, who were initially paid a flat salary, for the achievement of contracted production tasks on-time and under proper conditions. It is true that in applying the overall contract system a series of deficiencies also arose with regards to the establishment of certain tasks at levels beneath the capabilities of the group, in other words tasks easily exceeded, and the creation of certain insignificant conditions or the formal pursuit of these conditions so that the effects of the system did not materialize in a plus in efficiency for the unit, but only an increase in money for the members of the group. It is clear that the introduction of this system and the creation of certain unified groups must be done not according to the interests of certain

categories of personnel, but in relation to the interests of production, keeping in mind the broader possibilities offered by the overall contract system in combining personal interests with those of the unit overall.

Keeping in mind the importance of the overall contract system as a means of organizing work and paying for labor and the higher degree of expanding the use of this system compared to other means of payment, as well as the experience acquired in its application, a series of improvements were made through Law No 4/1978 and Decree No 100/1979 designed to eliminate the shortcomings that were uncovered and to give this means of payment additional efficiency. The correct application of the overall contract system in light of the increased requirements imposed by the regulations to which we have referred and the elimination of situations of formal application of this system led to the improvement of the quality of the means of applying this system, to the detriment, however, of its expanded use, compared to the situation existing prior to 1 January 1979. Thus, compared to approximately the 58 percent that the system represented in industry in 1978, in 1979 it reached only the 45 percent level. The restriction in the use of the overall contract system is due, first of all, to the failure to ensure the necessary organizational conditions, as well as the supply of defective raw materials and materials brought about by a lowered level of concern on the part of certain units in taking those measures that would take the existing situation in practice to the level of the conditions outlined by the normative acts in effect.

Beginning with the criticisms made at the session of the Political Executive Committee of the Romanian Communist Party's Central Committee on 14 June 1980, regarding the trend towards restricting the percentage of work governed by extending flat salary labor, the task of the ministries, including the Ministry of Labor, is to push the extension of making salary payments according to contracts, especially under the overall contract system, by appropriately helping the units. Moreover, within the framework of the session we have referred to, it was decided to include precise tasks for each ministry in the plan regarding the degree of extending standardized work and the use of the overall contract system. This measure brought about, right from this moment, an increase in the concern of the units for a return to the overall contract system in those cases where there had been an unjustified rejection of its application.

The successful application of the overall contract system requires, before anything else, ensuring certain thorough technical-organizational conditions, including: the precise statement of the quantitative and qualitative tasks facing each work collective within the plan tasks of the unit, keeping in mind the requirement to completely use production capacities; the establishment of certain thoroughly substantiated work norms that will as accurately as possible represent the amount of work necessary to carry out each group's projects; the creation of certain groups covered by the overall contract system that will include both the workers directly involved

in production and the workers indirectly involved or involved in an auxiliary fashion, specialists and other categories of personnel up to the level of the production sections; the provision of materials, technologies, equipment and so forth necessary for the achievement of the established tasks; the establishment of the means of following the standardized rates of consumption or the planned production costs; the ensuring of conditions for the normal operation of machinery and equipment, and so forth. These technical and organizational measures designed to ensure the appropriate application of the overall contract system actually represents the premises for carrying out a judicious production activity with a high output and efficiency which corresponds to an equal degree to the interests of the national economy and the workers.

8724

CSO: 2700

FOREIGN INDEBTEDNESS, TRADE BALANCE ANALYZED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1550, 14 Sep 80
pp 7-9

[Article by Mirko Djekic: "The Limits on Our Indebtedness"]

[Text] The American writer William Saroyan chatted late Monday night on Belgrade television's Channel 2. He chatted about many things, from good literature to bad politics. He did so in that pleasant and friendly way Armenians have, especially the talented artists which that people has sowed over the world. Speaking about his fellow Armenians and their national characteristic of taking the difficulties of life with a smile, Saroyan also says this: "But whenever there is a crisis, each of us accepts his responsibility." A word with familiar overtones.

Crisis has crossed the threshold: many times the autumn world crises are unimaginatively referred to as boiling, so let us do so again this time, at a moment when few countries can boast of economic security and stability. In 3 weeks of debate in the special session of the United Nations General Assembly the drastic consequences of present international economic relations have been repeatedly pointed to. The crisis is devastating like a hurricane the developing countries, whose total debt in payments balances has risen to the unprecedented figure of \$500 billion. The most recent report of the International Bank shows that the crisis will deepen, since this year's price per barrel of crude, which is \$29.80 (twice as high as 2 years ago) will be \$50.30 at the end of the next 5-year period and all of \$78.30 at the end of the decade. (One barrel of petroleum is 159 liters.)

Is it really possible that the world is still in the initial stage of the most recent cycle of crises, closer to the beginning than the end?

Everyone is looking for the answer in his own way, and those in the most unsuitable situation are those who have been late in seeking a way out of the labyrinth. It is not difficult to guess, from the everyday newspaper headlines if nothing else, that in coming years the crisis will once again fail to bypass our country--already economically destabilized to the extent to which the Yugoslav economy is involved in international flows.

Yugoslavia's Foreign Debt, in millions of dollars

<u>Year</u>	<u>Financial Credit</u>	<u>Goods (equipment) Imported on Credit</u>	<u>Credits Ex- tended Abroad</u>	<u>Net In- debtedness</u>
1970	620	1,527	492	1,855
1971	859	1,948	478	2,699
1972	1,330	2,412	506	3,427
1973	1,829	2,706	683	3,980
1974	2,012	3,205	708	4,652
1975	2,354	4,077	786	5,798
1976	3,000	4,800	916	7,012
1977	3,344	5,992	1,116	8,424
1978	4,281	7,081	1,107	10,726
1979	—	—	—	14,952

At the time of this writing (Tuesday, 9 September) the evening editions of newspapers are greatly concerned with price rises and shortages, and the morning newspapers carried three reports from meetings of the presidiums of the central committees of the League of Communists of Serbia, Croatia and Slovenia on progress in carrying out the stabilization program.

Export or Stagnate

Since the time of the monetary and energy crisis at the beginning of the decade Yugoslavia's position on the world market has been gradually deteriorating, and in the last 2 years, it has turned out--it has become still worse. The most recent price rises of petroleum last year and the year before last and the price rises over a period of years of equipment and technology purchased on foreign markets have so to speak come upon the domestic economy at the peak of the cycle of large investment projects. But they in turn--and this is certainly a topic to itself--have been accomplished by deficit financing, organizations of associated labor putting up a minimum of their own capital and taking in maximum of credit.

It is a well-known conclusion that the present difficulties must have two roots and origins: one external and one internal. From time to time one or the other is overestimated or underestimated, but realistically we cannot separate the causes, since their consequences are identical.

The Yugoslav economy does not constitute a force of any consequence by world standards. Perhaps at certain moments this was a fact that was not seriously taken into account, and certain hard-won markets were negligently abandoned, among them the markets of countries which, as it later turned out, soon were to have a surplus of capital.

According to figures for 1978 (a year for which there are comparative indicators) our country has the lowest per capita annual exports at \$259 and lowest imports at \$456 of any European country. The percentage of coverage

of imports by exports was among the lowest and shows that there were 567 dinars of exports for every 1,000 dinars of imports. How far that is from such commercial strongmen as Belgium, Holland or Austria, small countries whose soil is not rich! We should bear in mind in this connection that most of the European countries, except for Romania, Bulgaria and Portugal, have in terms of percentage a larger share of foreign exchange earned through the sale of services and from tourism in their balance of payments than our six republics and two provinces together.

A brief anatomical examination and comparison of the two decades, the sixties and seventies, shows that Yugoslavia's trade position was within the limits of its capabilities in the first decade. Between 1960 and 1970 what is called coverage of imports by the money obtained from exports ranged within "normal" limits of about 70 percent. Since that time it has dropped steadily and has ranged between 50 and 60 percent. But since imports are the largest and prevailing item in accounts with foreign countries, foreign indebtedness has also been increasing simultaneously with high ambitions involving imports. In 1970 total Yugoslav indebtedness abroad was less than \$2 billion, while last year it already amounted to about \$15 billion.

Where do these numbers come from?

A Suit Too Tight

Simultaneously with the worsening of terms of trade and the taking of loans on the world financial market Yugoslavia's overall ambitions in development went in opposite directions and rose rapidly. All that time, since the time we referred to and up to the year before last, when to some extent it was realized that matters had gone too far, the importing of equipment on credit was the most significant item in foreign indebtedness. This amounts to two-thirds of the debt. Our table shows this in more detail.

Certainly this money has neither been thrown away nor "spent," and when these installations go into operation and earn income, will be returned and will stimulate a growth of the national income. However, the difficulties begin at the point when the level of indebtedness is so high that in a particular year it could pass the limit of the growth of the national income, which means that the entire growth of the national income goes to pay off debts. No one would dare to cross that red line for the simple reason that there is no longer any purpose at that point in contracting indebtedness on the world capital market.

Usually the ratio between the total inflow of foreign exchange and the size of the installment to pay off debts in that year is taken as the limit up to which foreign indebtedness may be contracted. If the annual installment does not exceed 20 percent, it cannot be said that the amount is disturbing. Though we do not know what the ratio has been in the last 2 years, the very fact that the Federal Executive Council has firmly insisted on the position that the deficit in the country's exchange balance must not exceed

\$2 billion by the end of December, which is all of \$1.4 billion less than last year, is indicative of the fact that the exchange balance is "very tight."

This must be paid attention in the most drastic terms if we are to avoid the greatest misfortune which a country can have from the economic standpoint--illiquidity. For decades Yugoslavia has built its reputation on the world market precisely on the fact that at no point could its credit-worthiness be questioned.

It is, of course, not difficult to make an analysis of the payments balance and trade balance. And though such things are by and large done in specialized publications, we will also make our attempt in the belief that it will be useful to readers of NIN if we indicate certain of its most interesting points, with the necessary simplifications. And since we are talking about a deficit, these can also be referred to as weak points rather than strong points.

In first place is petroleum. In other words, every time its price goes up on the world market, this increases the price of sophisticated industrial equipment and the most up-to-date technology. The industrial countries like West Germany, Holland or France try through a kind of automatic economic mechanism to pass the burden of the price rises imposed by OPEC on to customers. That they are successful in this is evident from the fact that over most of the past decade so-called export prices of equipment rose faster than export prices of petroleum.

Expensive and More Expensive

Yugoslav economy buys petroleum at world prices. This year it paid about \$3.5 billion for this valuable liquid. Last year the deficit in this industry (petroleum and derivatives) was less than \$2 billion, whereas in 1975 it ranged about \$700 million. In the machinebuilding industry, which means equipment, the deficit was still greater last year, about \$2.2 billion. The deficit has doubled over the last 5 years in the production and processing of chemical products. Ferrous metallurgy is a large importer. So are even agriculture and mining.

Up until this very moment the economic policy of the seventies has favored a growth of imports, so that now several key industries on which the rate of increase of industrial output depend are very dependent upon importing raw materials and supplies. Possibly this newspaperman's conclusion is erroneous for the simple reason that annual resolutions on economic policy have called upon the economy to develop domestic sources of raw materials as much as possible and to diminish the dependence on imports. It cannot be said that the task has not been set. That it has not been well understood, as mathematics teachers would say, is evident from the figures which are now before us. But past time has nevertheless gone by; have the economy and those conducting economic policy changed their opinion in the meantime?

Export Capability of the European Countries (standing as of the end of 1978)

Country	Popula- tion, in thousands	In Millions of Dollars		Per Capita, in dollars		Coverage of Imports by Exports
		Exports	Imports	Exports	Imports	
Yugoslavia	21,933	5,667	9,988	259	456	56.7
Austria	7,498	12,205	16,013	1,628	2,135	76.2
Greece	9,325	3,375	6,853	362	735	49.2
Portugal	9,653	2,565	5,237	266	543	49.0
Holland	13,971	50,966	52,933	3,648	3,789	96.3
Belgium	9,870	45,053	48,728	4,565	4,937	92.4
Bulgaria	8,892	6,329	6,329	712	712	100.0
Romania	21,853	6,138	6,095	281	279	100.7
Spain	36,655	13,115	18,708	358	510	70.0
France	53,182	76,618	82,019	1,440	1,542	93.4
Italy	56,800	56,068	56,459	987	994	99.3
West Germany	61,212	141,931	120,733	2,318	1,972	117.6

If we leave to one side pronouncements to the effect that more is spent than is being created, that have been used so long that their meaning has changed in proportion: up until a year ago nearly everyone believed that inflation was certainly bringing him benefits, though it was bringing harm to some other elusive person, the moment comes when the expression "there isn't any" inevitably replaces the expressions "we shall see" and "we will get by somehow." Readers of NIN will note that our journal is no longer being printed so often as before--or every week, as was the case a year or 2 ago--on high-grade paper imported from Austria. There is no foreign exchange. At present our mills are not able to produce that quality of newsprint. What can be done: when there isn't any, there isn't. It can only be said that we ought to be farsighted and pool capital through self-management accords with the factories so that now there would be everything. But is farsightedness one of our strong points?

A part of that experience will be embodied in plans covering the immediate future, beginning with the 5-year plan next January. It would be altogether realistic if a policy of substitution of imports by domestic raw materials and energy were conducted gradually, at least insofar as it is possible, and if in 5 years the ratio between the money obtained from exports and the money paid for imports returned to the proportions of 70:100. That difference of 30 dinars would be covered by invisibles, which would also have to provide money to pay off debts in foreign exchange.

Encouragement and Expectations

We can immediately put the following question: How capable is the economy of such an important undertaking of augmenting its exports, say, 2.5-fold over the next 5 years? That is the amount that would be necessary to achieve better ratios, assuming the inevitable growth of imports.

This year is bringing certain encouraging signs. A very ambitious plan was set--to augment exports by about 35 percent, while imports would remain almost at the same level. In four republics a reduction of imports was even envisaged. This plan, which was received with disbelief, is by and large being fulfilled. One can hear among business executives that good results would undoubtedly have been achieved if their initiative had not been hampered more and more frequently. The greater the difficulties, the more frequent administrative action becomes and the more it is offered as an alternative for finding a better way. An alternative which, of course, must be reflected on ever more seriously if its wings are to be clipped early. This is a bird with an improbable talent for arising anew out of its own ashes....

Here at the end perhaps we can return to Saroyan and his lesson "that in moments of crisis they all take on their responsibility." Yugoslavia's economic potential is sufficiently strong so that in coming years it could achieve the goal of better balanced economic relations with foreign countries at a considerably higher level. It is, of course, realistic to assume adverse external influences. Why should we include adverse domestic influences as well?

7045

CSO: 2800

AMBIGUITIES OF DINAR DEVALUATION, EXCHANGE EXPLORED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1552, 28 Sep 80
pp 11-12

[Article by Mirko Djekic: "Doesn't Anyone Want the Dinar?"]

[Text] When all the banks of Yugoslavia recently made a simultaneous decision to grant no more credits secured by foreign exchange in term deposits, this move was first received with surprise and then was interpreted in a variety of ways. It seemed extraordinary that they should do this at a moment when none of them could boast of holding a sizable amount of what are called strong currencies. Yet foreign exchange in term deposits represented in turn very high quality working capital for all of them.

But that's the way it is. The curious newsmen who hastened to bank associations were given an interpretation which made it is evident that "granting this type of credit" led to something which might be called enrichment at society's expense. After all, if someone, to illustrate, placed 5,000 marks in the bank in a 5-year term deposit, he would in return receive slightly more than 70,000 dinars of credit and interest at 10 percent per annum paid in that same currency. In practice this means that in 5 years when he pays off the credit in dinars, he will have 8,000 marks in his foreign exchange account.

Sounds good? It is. In the meantime inflation will knock down the value of the dinar and will actually make it easier to pay off the credit. At the same time the balance of foreign exchange will increase and will be out of reach of the steady rise of domestic prices, which are still calculated (or will be for some time yet) in dinars.

The Convertible Dinar

Only two details have been overlooked in this calculation.

The first is this: if the rate of inflation in Yugoslavia is not 30 percent, but 3 percent, that entire transaction would be "normal" and "good business." Second: it has been announced publicly that in the first half

of the year the banks received--from Yugoslavs working abroad and emigres and individuals who have foreign currency at home--about \$1 billion less than was anticipated. If we add to this that SIZ's [self-managed special-interest community] of the republics and provinces contracted foreign indebtedness last year exceeding by about \$1 billion what had been agreed on, it is easy to see that that sum is equal to the deficit in the balance of payments planned for this year.

But this story about our inconsistencies in the everyday conduct of economic policy is more important to what we will be saying because it clearly points up the changes in the basic premises at the very heart of economic policy. Few people have noticed that in taking this step the banks have retreated from convertibility of the dinar. That is, in these transactions have they not been purchasing foreign exchange for dinars at the official rate of exchange and "at par," i.e., one for one? For them was this not convertibility pure and simple?

What do we mean by the convertible dinar? A movement proclaimed in the 1965 reform and forgotten in the seventies?

At this point, 3 months after the devaluation, the dinar is farther from that act, at least so it appears to us, than it ever has been, and this has very important consequences for economic flows and development. It might even be said that our currency is now among those rare world currencies which have external and black market convertibility, but they do not have internal and official convertibility. This odd combination can easily be explained. The dinar, for example, can be changed into liras at Trieste, into francs in Zurich (where it is quoted even on the well-known daily money exchange), and into marks in Bremen and Munich. At rates of exchange, of course, which are considered realistic in those places. At the same time the dinar is being exchanged, say, in Belgrade restaurants and coffeehouses between customers and waiters for any other currency you can name.

Is the Devaluation at Fault for Rising Prices?

This black market of a kind has long ago been legalized. What is unusual is the fact that a particular kind of monetary smuggling has suddenly spread even to work organizations themselves since the new Law on Foreign Exchange Transactions went into effect (if it actually has gone into effect). An enterprise lacking foreign exchange could obtain it from one which did provided that it pay more for it and it was all covered by a self-management accord. This is called "pegging," and in this type of exchange the dollar, for example, has a considerably higher and altogether unrealistic rate of exchange, usually between 30 and 40 percent higher than the official rate.

Since these combinations have been worked even after the devaluation, it is a question whether the devaluation itself has been successful. Our readers

are in any case aware that there is no legal way of converting dinars to other currencies, and work organizations know that transactions on the foreign exchange market are symbolic to such a degree that virtually nothing can be done in that way. After all, what work organization in the present situation would go to the market to sell its marks to some other party it does not know at the official rate of exchange when it knows that elsewhere it can get a higher rate and be looked on as a "benefactor" as well?

All this certainly leads to a question which is not easy to answer--What was the point of the devaluation and what has it achieved? Since there are no official assessments as yet, what follows is only the author's journalistic analysis, makes no claim to be altogether precise, and is written even with the thought that it would be good if it were denied.

As it is stated in the textbooks, there are four principal effects of devaluing any currency: on prices, on the balance of payments, on income and on economic growth or development. This is a difficult operation which requires a very great deal of care and a series of economic measures which are absolutely indispensable.

There is a saying among economists which is not altogether precise from the standpoint of numbers, but shows the kind of relations that exist between rates of exchange and rising prices: a 30-percent devaluation brings 40-percent inflation. There is a certain accuracy in this, especially when we are talking about "import-dependent" economies like ours.

And though we cannot distinguish what the share of the very act of devaluation is in speeding up inflation, since prices were rising even before, it is well known that it cannot be small. Given the higher prices of imported goods and the "rising price" of foreign exchange in the "pegging" process, a rise of production costs and pressure for higher prices are inevitable.

Moreover, the very augmentation of exports results in higher domestic prices. This seems illogical only at first glance. After all, the more goods are exported, unless the production of those goods is increased, the smaller their supply on the domestic market, so that the pressure on prices is greater. Wasn't this obviously the case with the shortages and higher prices of sugar and oil? Finally, devaluation abruptly increases the money supply on the domestic market, and we know that imbalance between money and goods stimulates price rises. Thus in July alone the money supply increased by 21 billion dinars, which is 5 times the monthly average up to that point.

We might conclude that devaluation has been favorable to inflation, since in the meantime there have not been any serious steps to ease business conditions for the economy and reduce production costs. If the series of price rises continues--as it must--then the effects of the devaluation will quickly be exhausted in this domain. We can expect that soon sales on the domestic market will again bring a higher income to many "new exporters"

than on the foreign market, which will then motivate them to stay at home, where it is easier to carry on trade.

The impact of devaluation on the balance of payments is, of course, in the opposite direction: income is increased. The economy is motivated to export more, the tourist season was more prosperous.... In any case, that is why devaluation is undertaken in the first place. But since the figures on our balance of payments are published with long (though unnecessary) delays, it is difficult to say what is happening in that area. Nevertheless, the figures must be considerably improved, and it is already being announced that this year the deficit will be just as planned, which in practice means that it will not essentially exceed the total of \$2 billion.

Picture of an Eight-Cornered Dinar

In commodity trade with foreign countries an important change of direction has been accomplished. Thus according to figures of the Federal Bureau of Statistics, exports have risen 34 percent in 7 months of this year, while imports increased 9 percent. It is only a pity that our banks through their uncertain business policy have caused many workers employed abroad to hesitate, so that they are holding a larger portion of their money in the banks of the countries where they work than they previously did and are leaving a larger portion than before at home, augmenting what is called "private clearing." At the same time the rush to open foreign exchange accounts has dropped off, mostly because judgments concerning "enrichment through foreign exchange" have acted as a disincentive. The inflow into the banks will not be as great as might have been expected in view of the favorable impact of the act of devaluation on holders of savings in foreign currencies.

However, the most interesting and at the same time the most unusual relationship is between devaluation and income.

Something is happening here which is not easy to unriddle, but its consequence is the slow but sure displacement of the dinar from that area which is nevertheless the most important for it: it is less and less what it must be--the inviolable standard of value on the domestic market. In this domain it is losing the fight against these various overvalued foreign currencies with world reputation and prestige.

It has now even become customary to divide income into "dinar income" and "foreign exchange income," in which it is clear that the latter is that part which offers work organizations true economic security. This strange relationship is already altering the foundations of the economic system even now. It is our impression that this in fact encourages instability, shortages and other disturbances on the market.

It would, of course, be foolish to say or do anything that would halt the expansion of exports, but the question that must be asked is whether exports are motivated by income or foreign exchange?

If it is income, the economic system is sound and there is no antagonism between work organizations generating a surplus of foreign exchange and those incurring a deficit in foreign exchange. Each of them is participating equally in the creation and distribution of income on the domestic market, thus performing its own function in the social division of labor. If the motive is foreign exchange, then disturbances are inevitable. The dinar is displaced. And we would say that the division of the balance of payments into eight large parts and many smaller ones is conducive to this. The responsibility of the republics and provinces for the country's balance of payments, that of Yugoslavia, seems in part to be interpreted as the responsibility of the republics and provinces for their own payments balances.

That being the case, then it is normal for each to look to the foreign exchange component in its own goods. Not only the republics, but the opstinas as well. That is, there are no products which cannot be exported somewhere and under some terms and conditions--from wheat to airplanes. When this attitude becomes prevalent, then in domestic trade foreign exchange--and not the division of labor--has the last word. Should it prevail.... But it will not, that is the hope of those concerned with the economy.

Dividing Up Machines Among Pockets

The extent to which the unity of the market has been violated precisely because of the general search for "foreign exchange income" is now greater than it was and threatens to be even greater. But the actual act of devaluation did not have the kind of impact on this that people usually believe. Reduction of the dinar's value merely pointed to that part of the mosaic of the economic relations of a self-managed and market economy. It does not fit into the whole....

This involuntary and unfortunate part of the story about devaluation and income is not the whole story. Business executives point to another exceptionally important phenomenon. Income is rising very rapidly. In the first half of this year, before the decision on the new rate of exchange of the dinar, its growth rate was about 30 percent (31.2 percent for the entire economy in the first half of the year). Certainly the share of inflation is the largest in this figure. But even then, and it will be even more in the second half of the year, following devaluation, the value of fixed capital is being siphoned over into income. Put more simply, the value of machines has moved over into income and to everything we mean by that term--contributions and taxes, public services, social services, even in some cases into personal consumption, though this is the only item showing a real decline.

That accounts for the illusion of high income and good operation. Reality must be faced when a new machine is to be purchased to replace the old one. There is no longer any "old saved-up" money for that purpose.

And now just to add a few words about one other impact of devaluation, its impact on economic growth. The rate of growth of industrial output, because of the higher prices of imports, will have to drop. It will be smaller, but more realistic and firmer. The value of a national currency, and this applies to the dinar as well, depends in any case on the cohesion of its economic system and a realistic recognition of its capabilities.

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SURVEY, OUTLOOK TO 1985 FOR SMALL BUSINESS SECTOR

Belgrade KOMUNA in Serbo-Croatian No 9, Sep 80 pp 30-33

[Article by Milka Vranes, independent counselor in the Federal Bureau for Social Planning]

[Text] The point of departure in analyzing the conditions and potential for development of the small business sector in the period from 1981 to 1985 was an analysis of the small business sector's development to date, with particular reference to fulfillment of the medium-term plan for the period from 1976 to 1980, as well as an examination of development potential for the period from 1981 to 1985.

As for assessment of fulfillment of the current medium-term plan, it can be said that in the past 4 years a lower rate than planned has been achieved in the small business sector in spite of a tendency toward invigoration in 1978 and 1979: about 6 percent for the volume of production and services, about 3 percent for employment, and about 2 percent for investments, mainly because of reduction of the capacity of the private portion of this sector. With the growth of production and services in 1980 estimated at 5.5 percent, it is expected that an average growth rate of 5.9 percent could be achieved over the entire 5-year period, instead of 7.2 percent, for employment the rate would be 3.2 percent instead of 3.5 percent, and for investments 2.2 percent instead of 6.5 percent.

Development of the Private and Public Parts of the Small Business Sector in the 1976-1980 Period

With respect to development of the different portions of the small business sector in this period, a more lively dynamics is characteristic of the public portion, which has grown at a rate of 6.5 percent because of the better production orientation of organizations of associated labor in the small business sector, a better business sense, etc.

However, the process of cooperation and business and technical collaboration on a lasting basis between organizations in the small business sector and larger organizations of associated labor is developing slowly.

No detailed mechanism has been worked out for linkage of large production systems with small business organizations for the production of supplemental assortments and parts as well as for very specific efforts to reduce imports of parts and materials when conditions exist for production in small business organizations. There are examples where definite results have been achieved in organizing cooperation and other forms of business collaboration with small business organizations and self-employed persons as well as in opening new plants in other opstinas, republics and autonomous provinces: Gorenje, Meblo and Iskra in Slovenia; Crvena Zastava and Simpo in Serbia; Unis in Bosnia-Herzegovina, etc.

However, a considerably lower growth rate, 4.3 percent instead of the planned 7.6 percent, is characteristic of the private small business sector, above all because of its reduced capacity relative to 1975, which shows that conditions in the self-employed sector for its more rapid development and higher employment are being achieved very slowly.

The process which has begun of pooling the labor of self-employed persons with the associated labor of the public sector through various forms of pooling labor and capital, through cooperation and through other forms of business collaboration, as well as establishment of contract organizations of associated labor are going very slowly and at different rates in the republics and autonomous provinces. Over the last 4 years 68 contract organizations of associated labor have been established (25 in Slovenia, 16 in Serbia, 8 in Macedonia, 7 in Croatia, 6 in Kosovo, 4 in Bosnia-Herzegovina and 2 in Vojvodina); about 1,500 workers have pooled their labor and capital in them. Approximately 30 other contract organizations of associated labor are in the process of being formed. Most of the contract organizations of associated labor are engaged in production, finishing operations in construction and in hostelry, and fewer are rendering services to meet the needs of the public and the economy, though it is in service activities that there is the greatest shortage and society's greatest interest in their establishment.

Given the fact that the growth rate has been lower than planned, the projected changes in the makeup of production and services of small business are not being achieved to a satisfactory extent. The development of service activities is lagging appreciably behind the projections and the need, especially in newly built settlements and in rural areas. The average annual growth rate of craft and trade services in the 1976-1979 period was about 6 percent instead of the planned 8 percent. Problems related to the drop in the reproductive capability of service organizations and inadequate self-management linkage on the basis of shared income of producers and importers of durable consumer goods with service organizations and other interested organizations are concentrated in this area. The rate of reproductive capability of these organizations dropped from 12.7 percent in 1975 to 8.1 percent in 1979.

The Growth of the Public Portion of the Small Business Sector Is Still Faster

The development of the small business sector in the coming medium-term period is determined by our country's economic growth and the level of development it has achieved, by the development of industry, by the rise in the standard of living, and by the improvement and development of agriculture and other activities. In view of the level of development which is to be attained by 1985, Yugoslavia (as has been the case in all industrially advanced countries) will have a considerably greater need for faster development of the activities of the small business sector, especially service activities. The rise of the standard of living, and especially changes in the composition of personal consumption, will create more room for consumption of high-quality technical products, which will considerably increase the demand for the services of repairing and maintaining them.

Proceeding on the basis of the projected growth rates of the social product, which are about 6 percent for the overall economy, about 7 percent for the industrial sector, about 7 percent for construction, and about 6 percent for the personal consumption of the population, it is estimated that the social product of the small business sector could increase at an average annual rate of about 6-7 percent.

However, should there be a slower economic growth in the coming period, the growth rate of small business would probably be at a lower level, since the potential for development of small business are determined above all by the growth of the entire economy and by the rise in the standard of living.

The development of small business in the period from 1981 to 1985 is based on dynamic growth of its public portion and greater utilization of the capability of its private portion. We should continue to expect the public portion to have a faster growth rate than the private portion (6.3 percent and 5.5 percent, respectively). Here we should bear in mind that the ever greater need for nonstandard products and the services of repairing and maintaining durable consumer goods can be satisfied only by organizing up-to-date products and service facilities in the public portion of the small business sector.

More intensive development and a more dynamic growth of income on that basis would create better conditions for expanded reproduction and development of the public portion of the small business sector.

Organizations of associated labor in the small business sector should be oriented in their future development toward more lasting cooperation and business-technical collaboration with industrial and other organizations.

Cooperation should guarantee a faster penetration of science, engineering and technology into small business organizations and should speed up the process of their modernization and specialization. The development of

cooperation should also contribute to faster improvement of the qualifications of personnel, better supply of small business organizations with processing materials and spare parts, as well as a larger amount of capital to develop organizations of associated labor in the small business sector.

Larger Commitment of Private Capital and Development of the Private Portion of the Small Business Sector

The growing demand for products and services of the small business sector will create broad opportunities for development of its private portion as well and for its linkage with associated labor. In the period from 1981 to 1985 it is assumed that the production and services of this portion will grow at an average annual rate of 5.5-6.5 percent since self-employment in the various activities of the small business sector is an important complement to the public sector, especially with respect to products and services of which there is a shortage and small-scale production and service capacities. In addition, small shops are able because of their size and the organic composition of their capital to react more quickly to changes on the market and to adapt their production programs to these changes. It is particularly important that working people enter into association to form craft and trade cooperatives and establish industrial cooperation and business-technical collaboration with organizations of associated labor.

In the period up to 1985 we expect a more rapid process whereby self-employed individuals working with their own assets form associations with associated labor using socialized assets and faster development of contract organizations of associated labor, especially in those activities which are propulsive and in the underdeveloped opstinas. It is therefore indispensable to continue development of a system of informing citizens and workers employed abroad about those economic activities in which they could establish contract organizations of associated labor, about conditions for the establishment and operation of these organizations, and so on, so that this form of pooling labor and capital would expand in the coming period. This would facilitate a greater commitment of the capital of citizens and workers temporarily employed abroad to open new small business facilities and create conditions for higher employment.

Tourism Will Also Tend To Step Up the Growth Rate of Service Activities

The possibility for development of the service activities of the small business sector in the coming period (at an average annual rate of 7-8 percent) is basically determined by the rise in the standard of living, improved supply of durable consumer goods to the population, the development of tourism and better supply of agricultural machinery to farms.

The emphasis in development of service activities should be on those activities which are propulsive—maintenance and repair of motor vehicles, radios and television sets, household electrical appliances because of the shortage of these capacities and the projected high growth rates of

consumption of these goods in the coming planning period. The supply of durable consumer goods to the Yugoslav population is still appreciably lower than in the industrially advanced countries.*

More dynamic development of technical services in the coming period will also be favored by the improved supply of durable consumer goods to the rural population, by further electrification and by introduction of up-to-date appliances and equipment in rural households.

In this context we should expect new repair and service facilities to be opened and existing ones to undergo expansion and modernization. The creation of more favorable conditions (faster adoption of urban plans, speeding up procedure for various permits, and so on) should encourage the opening and improved distribution of new service organizations and shops, especially in tourist areas.

The expected increase in the number of nights spent in lodgings, which is 7 percent for domestic tourists and 7.5 percent for foreign tourists, and the foreign exchange inflow from tourists, which is 8.4 percent, necessitate a very dynamic development of service facilities in tourist areas (personal services, motor vehicle repairs, repairs of vessels, etc.). The present volume and quality of these services cannot even meet the regular needs of permanent residents in tourist localities, much less the increased demand of these services during the tourist season, which is lasting longer and longer in certain areas. It is therefore indispensable that opstinas and broader regional communities devote more attention to developing service activities and existing artistic crafts, which are becoming more important as the standard of living rises and tourist traffic increases. Among other things this would increase the amount of spending by tourists for other than room and board and would improve the economic position of the population of these regions.

All of this will in the coming period certainly strengthen the economic motivation of producers and importers of durable consumer goods to speed up the development of their own network of service centers, to establish firmer links and business-technical collaboration with service organizations of associated labor, and to expand the capacities of the producers with which the motor vehicle industry engages in industrial cooperation so as to improve the supply of spare parts to service organizations, to provide basic and advanced training to personnel, etc.

It will be indispensable in the coming period to improve and develop the production of equipment and tools to meet the needs of small business organizations, which means that manufacturers of equipment will have to increase their production and expand their assortment of equipment, specialized tools and instruments to meet the needs of the varied activities of the small business sector.

* In 1975 Sweden had 337 automobiles per 1,000 inhabitants, France 290, FRG 289, Great Britain 256, Italy 260, Austria 229 and Yugoslavia only 72.

Personal Services and Services to Households

In line with the growth of personal incomes and the ever higher employment of women, there will be need for personal services and services to households. The orientation here should be on development of service activities to help the family, especially those services which tend to increase the labor productivity of the labor force, employed women above all, freeing them from the old individual way of doing various household chores. However, this orientation requires firmer linkage of local communities with organizations of associated labor, self-managed special-interest communities and other self-managed organizations within and outside of the local community which have an interest in and need for development of these activities.

If these activities are to develop successfully in the coming period, it is indispensable in industrial centers and cities that the network of services to aid the family--washing and ironing laundry, housecleaning, shoe shining and repairs, plumbing and electrical work in the household, taking care of children and elderly members of the household, etc.--be developed in a planned way and in line with economic capabilities and needs. Through tax exemptions, by making business space available and through rent policy cities and opstinas should encourage the opening and better location of service establishments in cities, especially in new residential developments. The development of these activities should go far to creating conditions for a faster rise of the standard of living and improvement of living conditions for both the urban and rural population, to improve the position of women, etc.

Finishing Operations of the Building Trades

The high increase in the volume of construction work in the period up to 1985 (average annual rate about 7 percent), the projected construction of about 820,000 dwelling units, and especially the growth of the demand for maintaining residential and business premises offer conditions for dynamic development of capacities for finishing operations of the building trades and capacity for maintenance and repair of residential and other buildings.

More harmonious development of facilities for plumbing and electrical work and finishing operations of the building trades, improvement of their equipment, and adoption of up-to-date construction technology and organization should ensure higher labor productivity, better quality of finishing work, more uniform use of facilities throughout the entire year and shorter construction time.

A stronger orientation toward faster development of facilities for maintaining and repairing residential, commercial and other buildings, toward their specialization, toward firmer and longer lasting links with self-managed special-interest housing communities would guarantee improvement and a higher standard in the maintenance of residential and other buildings. Local communities, special-interest housing communities and opstinas should

through their economic policy and other measures encourage and orient development of these activities in accordance with the needs and capabilities of their area.

The Manufacturing Portion of the Small Business Sector

Since the potential for development of the manufacturing portion of the small business sector is determined by development of industry as a whole and of the manufacturing industry in particular, over the next 5 years we should assume a further growth of production in the small business sector. The anticipated growth of industrial output at a rate of about 7 percent, and then the ever more pronounced process of specialization and division of labor necessitate further adaptation of producers in the small business sector and determine their production orientation in the period up to 1985 in the following directions:

- i. long-term cooperation and business-technical collaboration with industry in the production of parts, in the finishing or partial machining of parts, especially in the production of articles produced by assembly of a large number of components (the motor vehicle industry, the electrical products industry, the metal manufacturing industry, etc.). Complementarity with industrial production will still be the essential characteristic of the manufacturing portion of the small business sector;
- ii. small-series production of individual articles whose assortment is undergoing constant expansion and whose production is not economically attractive to industry;
- iii. production of nonstandard products, with particular emphasis on specialized products which as a rule require a high level of knowledge, resourcefulness and skill, and then products for special purposes and small groups of consumers, since the demand for such products increases very rapidly with the rise in the standard of living and the buying power of the population;
- iv. production oriented toward export, especially production of souvenirs and other custom-made articles.

Greater orientation toward building smaller specialized production units could free us from importing a number of scarce products whose production can be efficiently organized in small production organizations and can contribute to the ultimate appearance and quality of the product--a very wide range of clothing and accessories (metal, wood, plastics, textiles, leather, etc.) and almost the entire range of children's needs.

This production orientation will require that scientific research and development organizations be involved to a greater degree in devising and drafting specific programs for development of small business in particular areas and in the framework of specific production and distribution systems.

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DEVELOPMENT OF 380-KV TRANSMISSION NETWORK—1980-2000

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[Article* by Dr Lazar Ljubisa, chairman of the Committee for Coordination of Construction and Operation of Yugoslavia's 380-kv System; Mihajlo Golubovic, assistant general director of the Community of the Yugoslav Electric Power Industry and professor at the School of Electrical Engineering in Belgrade; Dr Slobodan Despotovic, professor at the School of Electrical Engineering in Belgrade; Dr Bozidar Stefanini, professor at the School of Electrical Engineering in Zagreb; Dr Marjan Plaper, professor at the School of Electrical Engineering in Ljubljana; Dmitar Grcev, professor at the School of Electrical Engineering in Skopje; Dr Milinko Saranovic, professor at the School of Electrical Engineering in Titograd; and Dr Jovo Mandic, professor at the School of Electrical Engineering in Sarajevo: "Development of Yugoslavia's Basic 380-kv Network: Precondition for Optimum Development and Functioning of the Technically and Technologically Unified Yugoslav Electric Power System"]

[Text] The article surveys development of Yugoslavia's 380-kv, 220-kv and 110-kv power transmission system in the past and proposes a conception for future development of Yugoslavia's basic 380-kv network up to the year 2000 as a precondition of optimum development and functioning of the technically and technologically unified Yugoslav electric power system. It describes the shaping and development of Yugoslavia's basic 380-kv network over the period from 1980 to the year 2000 with the average years: 1980, 1985, 1990 and the year 2000.

Background

The electric power system is one of the means of transforming electric power into the necessary forms and of transmitting electric power from the place where it is generated to other places for use. Thus the energy contained in coal, other fuels or water can be transformed into electric power

* Paper delivered at the Conference on Development of Yugoslavia's Fuel and Power Industry, held in Opatija in March 1980.

at the sites where they are located and carried by power transmission lines to the desired points where it is used. Electric power cannot be stored up in systems, since it is virtually simultaneously consumed in them in the form of light, heat, chemical or mechanical energy.

The first electric power systems were very primitive. They consisted of one, two or three power plants and usually operated as individual units, as isolated systems, altogether unconnected to one another. The need to carry higher loads and the requirements of operational safety and efficiency resulted in the interlinkage of the isolated systems and creation of unified interconnected electric power systems.

In stationary normal operation the principal function of an electric power system is to generate electric power where that process is most economical and transmit or transport it in the most economical way where it is needed and where it will be used and consumed. It must ensure electric power consumers continuous and economical operation up to standard and necessary amounts of energy and power. These requirements are best and most simply met by ramified interconnected systems. The Yugoslav electric power system is such a system: it connects the systems of all the republics and autonomous provinces with each other and functions as a unified technical and technological whole, as a single electric power system.

The purpose of this paper is to examine development of the unified Yugoslav electric power system and its past and future capability to transmit electric power.

Development of Yugoslavia's 110-kv, 220-kv and 380-kv Power Transmission Network in the Past and Present

The size of the electric power system, its shape, geometry and form and its development in general depend in particular periods on the size of capacities and amount of electric power being transmitted to consumers, on the geographic location and concentration of sources and consumers and their interconnection by the power lines and elements of the system. The optimum mutual correlation of these factors results in the optimum transmission network, in the optimum electric power system.

Before World War II Yugoslavia did not have 110-kv transmission lines. The 110-kv transmission network in Yugoslavia began to develop only after World War II. The need to carry power loads on the order of 30 MW to 50 MW led to the appearance of the first 110-kv transmission lines first in Slovenia and then in Croatia, Bosnia-Herzegovina, Serbia, Macedonia and Montenegro, and to what amounted in the formation of independent electric power systems of the republics that were not connected to one another. However, the rapid development of the country, of its industry and of the entire Yugoslav economy had even by 1955 brought about linkage of the 110-kv network of Serbia and Bosnia-Herzegovina, by 1957 the 110-kv network of practically all of Yugoslavia had been interconnected, and Yugoslavia's technically and technologically unified interconnected system was created.

The trend, the increase in electric power consumption in Yugoslavia, made it necessary to build large power plants and to link them to consumer centers not with 110-kv transmission lines, since their capability was not adequate, but by 220-kv transmission lines, whose power capability is on the order of 150 MW to 250 MW. Thus in 1960 408 km of 220-kv transmission lines went into operation, and in 1970, with construction of the Djerdap Hydroelectric Power Plant, the first 380-kv transmission line made its appearance between the Djerdap Hydroplant and Belgrade, over a distance of 203 km.

Tables 1, 2, 3 and 4 on development of total net electric power consumption, on net per capita electric power consumption, on development of installed capacities and generation of electric power by hydroplants and thermal plants and on development of the 110-kv, 220-kv and 380-kv transmission networks in Yugoslavia furnish the best evidence on development of the electric power system in the past up through 1978.

Table 1. Development of Total Net Electric Power Consumption in Gigawatt-Hours [millions of kilowatt-hours] and of Generating Capacities in Megawatts in Yugoslavia in the Past

	Indicator	1950	1960	1970	1975	1978
Yugoslavia	Power	1949	7329	21857	34661	43717
	Capacity	480	1850	4232	6711	8574
Bosnia-Herzegovina	Power	213	1134	2634	4748	6462
	Capacity	54	255	487	811	1138
Montenegro	Power	5	114	515	1493	1786
	Capacity	1	25	100	260	343
Macedonia	Power	41	367	1849	2975	3575
	Capacity	9	84	302	482	624
Croatia	Power	677	1932	500	8050	9626
	Capacity	154	434	992	1495	1744
Slovenia	Power	549	1942	4496	5750	7026
	Capacity	134	437	766	1004	1230
Serbia	Power	464	1840	7383	11885	15260
	Capacity	108	415	1585	2659	3495

Tables 1, 2, 3 and 4 show vividly the sudden leap and high pace of development of Yugoslavia's electric power system over the last 18 years: electric power consumption has increased fivefold, the installed capacities of power plants have also increased fivefold, the number of kilometers of transmission lines has quadrupled, transmission line capability has increased 10-fold, and the installed capacity of substations has increased 11-fold. In relative terms no country in the world has had such a rapid

development as Yugoslavia's electric power system since the war; in terms of its level of development, especially of its 380-kv transmission system, it can be classed among the most highly developed countries of the world.

Table 2. Development of Net Per Capita Electric Power Consumption in Kilo-watt-Hours

	1950.	1960.	1970.	1975.	1978.
Yugoslavia	119	398	1073	1623	1990
Bosnia-					
Hercegovina	80	350	711	1183	1564
Montenegro	13	245	881	2681	3034
Croatia	176	467	1134	1783	2104
Macedonia	33	264	1138	1694	1947
Slovenia	373	1229	2817	3239	3875
Serbia	69	243	878	1329	1690

Table 3. Development of Installed Capacities in Megawatts and of Production in Gigawatt-Hours of Hydroplants (HE) and Thermal Plants (TE) of Yugoslavia's Entire Electric Power Industry

	HE	TE	HE	TE
	Installed Capacity, MW		Gross Out-put, GWh	
1950.	290	383	673	1175 1233 2408
1960.	1361	1077	2468	5884 2944 8928
1970.	3636	3243	6879	14741 11282 26023
1975.	4801	4343	9043	19317 20723 40040
1978.	5539	6542	12081	25416 28339 51755

At the 10th Professional Conference of Yugoslav Power Engineers, members of CIGRE, held from 11 to 17 October 1970 in Dubrovnik, which was attended by about 1,000 specialists from the entire country, from electric power organizations, scientific research organizations, institutes, schools of electrical engineering, project planning and design organizations, the electrical products industry and organizations which build electric power facilities, the conception of the development of Yugoslavia's basic 380-kv network was examined and adopted. The conception proposed was unanimously adopted by the participants in the conference, and it was stated that all Yugoslavia's power engineers confront the priority task of working toward its accomplishment.

Adoption of the unified conception of the development and construction of Yugoslavia's basic 380-kv network, which calls for Yugoslavia to be covered by a basic 380-kv ring linking all major production and consumption centers in the country and makes it possible for power plants with units with high unit capacity to fit into the electric power system, was at that time inevitable and imperative for each republic and autonomous province and the only economical solution for the country as a whole.

Table 4. Development of the 110-kv, 220-kv and 380-kv Transmission Network in Yugoslavia

Type of Instal- lation	1960.	1970.	1975.	1978.
Long-distance transmission lines, km				
110 kv	5438	8770	11767	13644
220 kv	409	3891	4553	4831
380 kv	—	303	589	2818
Total, km	5837	12964	16889	20293
Substations, MVA				
110 kv	2361	6163	11146	13653
220 kv	150	2800	6200	7800
380 kv	—	800	1500	8400
Total, MVA	2501	9763	18846	29253

The power capability of 380-kv transmission lines, which is on an order between 400 MW and 800 MW and the need to carry large loads from large hydro-plants and later large thermal plants as well soon paved the way for the very rapid development of the 380-kv network and a voltage level of the highest order in our country even today, in accordance with the unanimously adopted conception for development of Yugoslavia's basic 380-kv network.

In the first phase of construction of Yugoslavia's basic 380-kv network (Figure 1) 3,295 km of 380-kv long-distance transmission lines and 14 380/220- and 380/110-kv substations with an installed capacity of 8,800 MVA. The 380-kv transmission lines were built and put on line from the Djerdap HE via Belgrade and Obrenovac (with a branch to Novi Sad), Ernestinovo (with a branch to Tuzla, Sarajevo, Buk Bijela and Mostar), Zagreb and Maribor to Ljubljana and Divaca, on the one hand, and from the Djerdap HE via Bor and Nis (with a transverse connection via Kragujevac to Belgrade) to Kosovo, Skopje and Negotino on the other. The 380-kv transmission lines were built from Kosovo via Titograd, Trebinje and Split to Rijeka and Divaca but have not been put on line, since the 380-kv substations and switching installations are under construction.

In the second phase, whose construction is under way (Figure 1), 1,132 km of 380-kv transmission lines, 13 380/220- and 380/110-kv substations with an installed capacity of 9,600 MVA, and 3 380-kv switching installations are being built.



Figure 1. Yugoslavia's basic 380-kv network, status as of 1980.

Key: 1. Planned
2. Built

RP = switching facility

Aware of the good results and benefit of interlinkage of electric power systems, such as reduction of the necessary operational and idle reserve capacity of power plants in the system, the safety and quality of operation of interconnected systems, the possibility of rendering mutual assistance should individual elements of the system fail, the possibility of planning the import and export of electric power, and so on, the Yugoslav system, the Yugoslav electric power industry, has fostered and accomplished inter-governmental linkage with all electric power systems of neighboring countries: Italy one 110-kv link, one 220-kv link, and a 380-kv link is under construction; Austria one 220-kv link and construction of a 380-kv link is planned; Hungary two 110-kv links and one 380-kv link is planned; Romania

two 110-kv link and one 380-kv link, between the two parts of the Djerdap HE; Greece one 110-kv link and one 380-kv link; and Albania one 220-kv link and another 220-kv link is planned. These intergovernmental electric power links have contributed greatly not only in terms of the benefits offered by interconnection of electric power systems, but also in terms of a deepening of good neighborly relations (Figure 5).

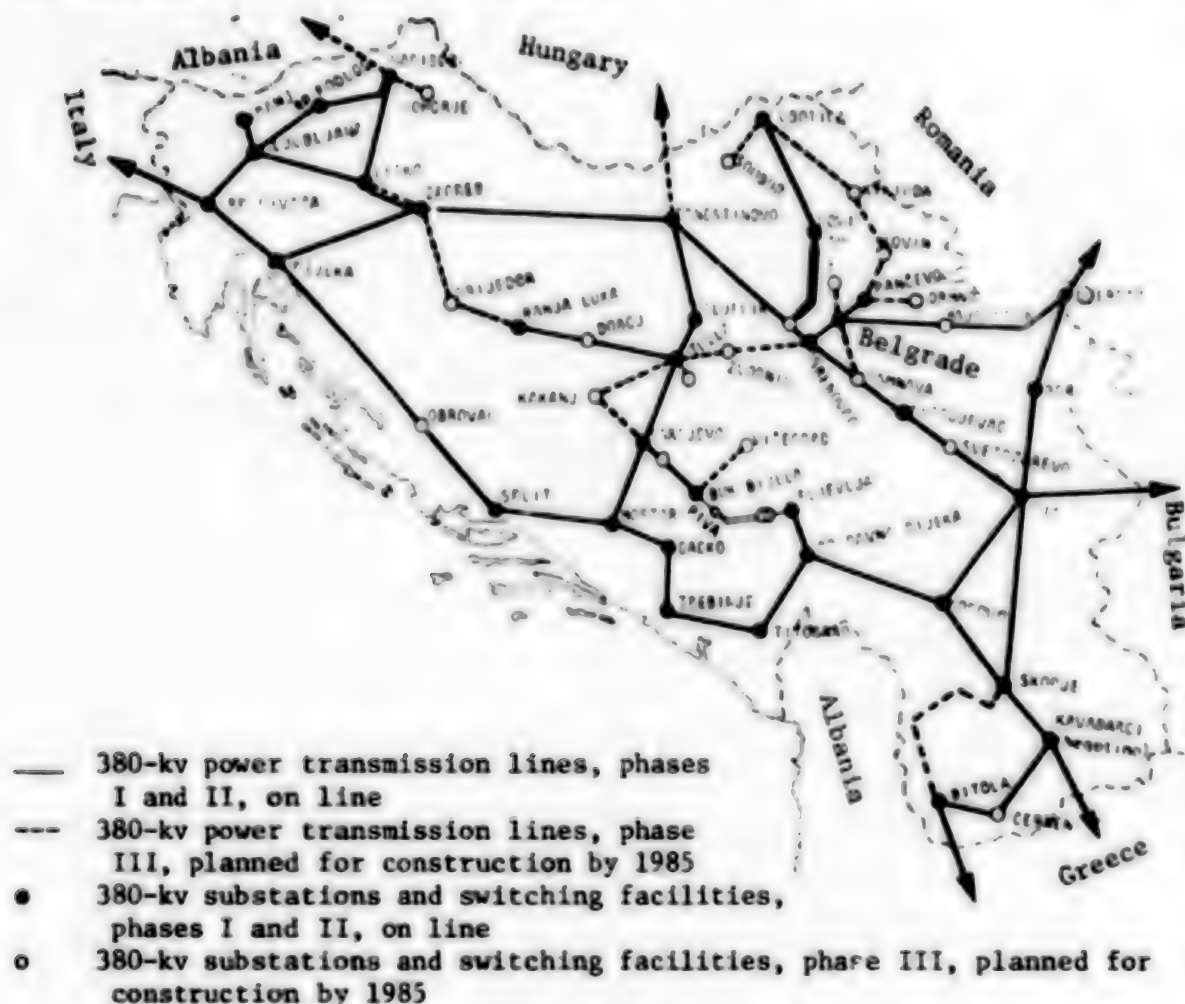


Figure 2. Yugoslavia's Basic 380-kv Network as Planned for 1985.

Key: RP = switching facility

Yugoslavia's basic 380-kv network (phase I which has been built and phase II which is under construction, as shown in Figure 1) links all the major production and consumer centers in the country, makes it possible to install economical units with high unit capacity in thermal and nuclear power plants, to make the right choice of size in building hydrostorage plans, to better utilize domestic energy resources, to make optimum use of existing and future electric power capacities and to link up with the electric

power systems of neighboring countries. Yugoslavia's basic 380-kv network affords the maximum possible and economically justified level of dependability of supply of electric power to consumers in all areas of the country. From the standpoint of power engineering in the broad sense Yugoslavia's basic 380-kv network has fundamental and infrastructural importance, since it creates the preconditions for optimum development and successful functioning of Yugoslavia's technically and technologically unified electric power system in the coming period. Thanks to its shape and the junctions which are formed it also provides for each of its expansions and the construction and inclusion of new connections, as well as incorporation of a network of voltages of higher order, always comprising and forming Yugoslavia's technically and technologically unified electric power system.

Future Development of Yugoslavia's Power Transmission Network in the Period From 1980 to the Year 2000

Forecasting Needs for Electric Power and Capacity in the 1980-2000 Period

On the basis of the anticipated plans for development of the electric power industries of the republics and autonomous provinces in the 1980-2000 period and figures on development of electric power consumption and realized capacities in the past, a forecast was made of development of electric power consumption and capacity for Yugoslavia as a whole and for its republics in the 1980-2000 period for the average years 1980, 1985, 1990 and the year 2000, using procedures for forecasting the development of electric power consumption and capacity in the future as well as experience, intuition and estimates.

The figures obtained on the growth of demand for electric power and capacity and on per capita electric power consumption are given in Table 5 by republics and for Yugoslavia as a whole.

The planned and forecast need for electric power in Yugoslavia yields the following average annual growth rates:

Over the period 1980-1990	8.6 percent
Over the period 1990-2000	5.9 percent

and the planned or forecast demand for capacity:

Over the period 1980-1990	8.4 percent
Over the period 1990-2000	5.7 percent

The planned growth rates for both power and capacity are realistic and extremely probable, especially in view of the energy crisis in the world and the need for the country to rely on its own sources of energy in the future.

Table 5. Growth of Total Net Demand for Electric Power, Peak Capacity and Per Capita Consumption in the Years 1980, 1985, 1990 and the Year 2000 by Republic and in Yugoslavia as a Whole

Year	Power, GWh	Peak Capac- ity, MW	Per Capita Electric Power Consumption, kwh/inhabitant
Bosnia-Herzegovina			
1980.	8943	1398	2109
1985.	15553	2813	3439
1990.	21900	3900	4967
2000.	38210	6600	7367
Montenegro			
1980.	2780	508	4701
1985.	3840	711	6085
1990.	5457	990	8218
2000.	7930	1485	10938
Croatia			
1980.	11487	2180	2501
1985.	16773	3207	3368
1990.	23368	4438	4945
2000.	41380	7808	8569
Macedonia			
1980.	5637	1122	2947
1985.	10154	1749	4946
1990.	14280	2410	6532
2000.	24100	4100	9988
Slovenia			
1980.	8369	1480	4536
1985.	12510	2130	6868
1990.	17040	3030	9179
2000.	31350	5388	15566
Serbia			
1980.	19827	4539	2136
1985.	33112	7680	3488
1990.	47929	10957	4873
2000.	87900	19800	8403
Yugoslavia			
1980.	56053	11438	2541
1985.	91941	18298	3957
1990.	130340	25725	5407
2000.	230470	49888	8984

Sources of Electric Power:

The sources of electric power and their installed capacities necessary to meet the anticipated electric power consumption and demand for capacity are shown in Table 6 by republics and for Yugoslavia as a whole.

Table 6 shows the extremely rapid development of sources of electric power. Installed capacity of generating plants would quadruple over the 20-year period from 1980 to the year 2000.

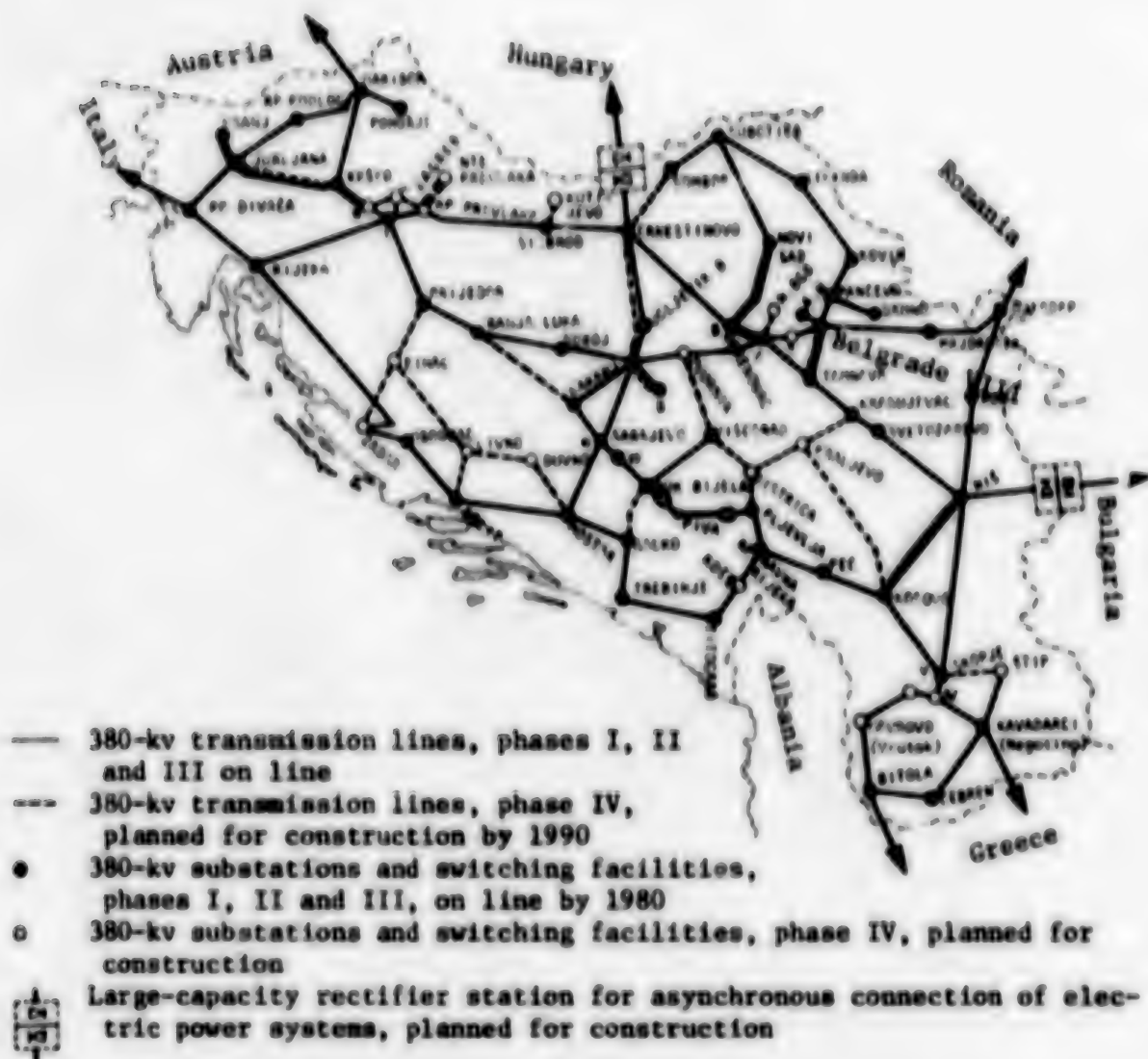


Figure 3. Yugoslavia's basic 380-kv network as planned for 1990.

Key: RP = switching facility
NTE = nuclear power plant

AH = storage hydroplant

Shaping Yugoslavia's Basic 380-kv Transmission Network

The needs for peak capacities by republics, as adopted and as given in Table 5, in accordance with their geographic location relative to consumption centers, i.e., in line with the 110-kv, 220-kv and 380-kv junctions which have been formed, the available capacities of the sources and knowledge of the possible routes for transmission lines of voltages on the order of 110-kv, 220-kv and 380-kv, the network of all voltage levels was shaped. Figures 1, 2, 3 and 4 show the network obtained for the voltage level 380-kv, the basic Yugoslav transmission network for the years 1980, 1985 and 1990 and that expected for the year 2000.

Table 6. Development of Installed Capacity of Hydroplants (HE) and Thermal Plants (TE) in the Period 1980-2000 by Republics and for Yugoslavia as a Whole, in megawatts

	Bosnia- Hercegovina	Montenegro	Croatia	Macedonia	Slovenia	Serbia	Yugoslavia
Hydroplants							
1980.	1076	646	1454	297	772	2479	6824
1985.	1929	888	1746	546	1044	2773	9036
1990.	2908	1113	2286	957	1840	4133	13879
2000.	4497	1924	3178	2159	2123	4970	18761
Thermal plants							
1980.	1137	—	1559	523	1238	3710	8157
1985.	2492	210	1844	945	1526	7361	14378
1990.	3734	430	2944	1685	1828	9973	20892
2000.	6349	420	5944	2305	2761	20492	38671
Total							
1980.	2203	646	3013	822	2000	6189	14981
1985.	4421	1098	3590	1491	2570	10136	23414
1990.	6642	1543	5179	2632	3468	14166	32671
2000.	10846	2344	9120	4464	5084	25462	58432

Table 7. Development of the 220-kv and 380-kv Transmission Networks in Yugoslavia in the Period From 1980 to the Year 2000

Type of Instal- lation	1980.	1985.	1990.	2000.
Long-distance transmission lines, km				
220 kV	5975	6891	7245	7819
380 kV	4169	5549	7818	16838
Total, km	10144	12440	15063	18446
Substations, MVA				
220 kV	13430	15800	16950	18000
380 kV	15180	26320	34209	48000
Total, MVA	28610	42120	51159	66000

The 380-kv network which was shaped (shown in Figures 1, 2, 3 and 4) ensures good and dependable transmission of electric power both under normal operating conditions and when any element of the system fails. It ensures reliable supply to consumers at the economically justified level of safety. This shape of the network makes it possible to link all the regions of electric power production and consumption and ensures incorporation of large-capacity units of thermal plants and optimum use of storage and large reversible hydroplants. Its shape and the junctions formed provide for its every expansion and for construction of new links should the need for them arise during the period under review. It also makes it possible to link the Yugoslav system to the electric power systems of all neighboring countries.

The 380-kv network thus formed covers Yugoslavia with a basic 380-kv ring that links all the country's major centers of power production and consumption and facilitates optimum development and functioning of the technically and technologically unified Yugoslav electric power system. This ring, with its transverse connections, fully links all large sources and load areas of Yugoslavia with the 380-kv voltage level and also provides for inclusion of all new connections should there be large transmissions of power from Kosovo toward Croatia, Slovenia, and Macedonia or for possible export to Italy, Austria, Greece and other countries of Europe.

The transmission of additional power on the order of 3,000 MW to meet the needs of Croatia, Slovenia and Macedonia from the Kosovo thermal power basin in the coming period up to the year 2000 can be accomplished by building 380-kv main transmission lines from Kosovo via Plevlja, Sarajevo, Banja Luka and Zagreb to Ljubljana on the one hand and from Kosovo via Obrenovac and Ugljevik to Zagreb on the other, as well as from Kosovo to Skopje (Figure 3a).

Transmission of additional power on the order of 4,000 MW might be accomplished by a network of a voltage on the order of 750 kv combined with the network on the order of 380 kv (as shown in Figure 3b).

Construction of the basic 380-kv transmission network will provide a completely technically and technologically unified Yugoslav electric power system, so that it can be operated economically.

With formation of the basic 380-kv transmission network all conditions will have been created for economical and reliable linkage and cooperation of the Yugoslav electric power system with the electric power systems of all neighboring countries (in parallel, or synchronous operation over the 380-kv transmission line from Divaca to Italy and from Maribor to Austria, Negotino to Greece and Bitola to Greece; in asynchronous operation by building rectifier stations on the 380-kv transmission lines between Ernestinovo and Hungary and between Nis and Bulgaria; in insular (ostrvski) operation via the 380-kv link between our part and the Romanian part of the Djerdap HE, and also over the 220-kv link between the 380/220-kv junction from Titograd

to Albania and another 220-kv link which is to be built (Figures 3, 4 and 5).



Figure 3a. Yugoslavia's basic main 380-kv network as planned for 1990, which is superimposed on Yugoslavia's basic 380-kv network as planned (Figure 3) to transmit power on the order of 3,000 MW from Kosovo to Croatia, Slovenia and Macedonia.

Table 7 shows development of the 220- and 380-kv transmission network in Yugoslavia by elements over the period 1980-2000.

Table 7 indicates that after 1980 the basic 380-kv network will primarily be developing, while the 220-kv network will in practice be undergoing little development since it is uneconomical and impractical, except in cases when the opposite is demonstrated. The 110-kv transmission network is becoming more important, but its development is not shown in Table 7, since in the 1980-2000 period it will undergo further development almost entirely as a transmission network of interest to each republic and each autonomous province.

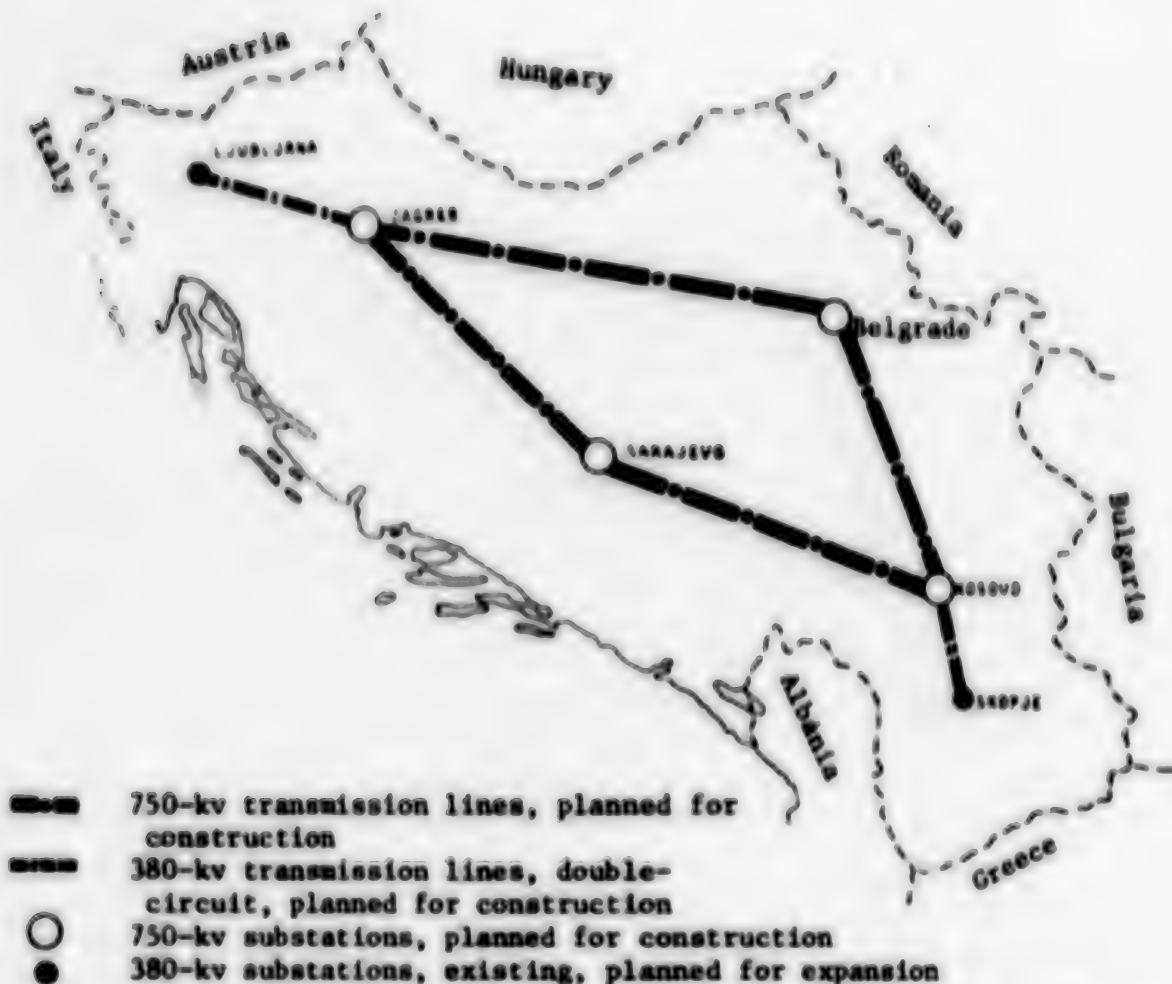


Figure 3b. Yugoslavia's basic 750-kv and 380-kv networks planned for 1980, which is superimposed on Yugoslavia's 380-kv network planned for 1990 (Figure 3) to carry power on the order of 4,000 MW from Kosovo to Croatia, Slovenia and Macedonia and for possible export of electric power.

Development of the Network of Voltages on the Order of 750 kv or 1,150 kv

In the conditions adopted concerning development of capacities and location of generating facilities and also concerning the increased demand for electric power and capacity, there is no need in Yugoslavia to introduce higher voltage levels than 380 kv up to the year 2000, i.e., there is no need to introduce voltages on the order of 750 kv or 1,150 kv. The 380-kv level which has been adopted and the 380-kv network which has been shaped (Figures 1, 2, 3 and 4) will meet all needs for transmission of load and power both dependably and economically up to the year 2000. Undoubtedly the possible transmission of loads on the order of 3,000 MW to 10,000 MW to Croatia, Slovenia and Macedonia or for possible export to Italy, Austria, Greece and other countries of Europe from large power plants concentrated

in Kosovo could result in construction of a network with voltages on an order higher than 380 kv, adoption of the voltage levels 750 kv or 1,150 kv, or even DC electric power transmission at voltages on the order of 2 x 500 kv or higher.

The transmission of additional power on the order of 3,000 MW to meet the needs of Croatia, Slovenia and Macedonia from the Kosovo thermal power basin in the period up to the year 2000 can be accomplished by building 380-kv main transmission lines from Kosovo via Plevlja, Sarajevo, Banja Luka and Zagreb to Ljubljana on the one hand and from Kosovo via Obrenovac and Ugljevik to Zagreb on the other, as well as from Kosovo to Skopje (Figure 3a). Transmission of additional power on the order of 4,000 MW might also be accomplished over a 750-kv network combined with the 380-kv network (as shown in Figure 3b). However, the 380-kv network in the shape shown in Figures 1, 2, 3 and 4 allows for easy incorporation of both the basic 380-kv network of main transmission lines and the basic network of 750- and 380-kv or 1,150-kv voltages (Figures 3a and 3b), comprising and in this way facilitating in turn a unified technical and technological whole, a technically and technologically unified Yugoslav electric power system.

Conclusions

The paper surveys development of the 110-kv, 220-kv and 380-kv transmission networks of the Yugoslav electric power system in the past and up to the year 2000. Covering the period of 20 years in the future, the paper examines the most likely development of the system and emphasizes that 380 kv, the highest present level of voltage in Yugoslavia, is adequate to provide under the conditions adopted safe, good, continuous and economic transmission of electric power to all load centers in the country. The higher voltage level 750 kv or 1,150 kv might come into consideration only if loads exceeding 4,000 MW are to be transmitted to Croatia and Slovenia or for the possible export of electric power to Italy, Austria and other countries of Europe.

The paper covers development of electric power and peak capacities in Yugoslavia and all its republics in the past, beginning with formation of the first 110-kv transmission lines and substations immediately following World War II and up to formation of the unified Yugoslav 110-kv system, the appearance of the 220-kv voltage level, the appearance of the 380-kv voltage level, up through 1978. Systematized data on development of electric power and capacity (Table 2), on development of installed capacities and production of hydroplants and thermal plants (Table 3), on development of the 110-kv, 220-kv and 380-kv transmission networks up through 1978 (Table 4) indicate the very rapid development of the Yugoslav electric power industry, the high pace in development of Yugoslavia's electric power system as a technically and technologically unified whole: over the last 18 years production of electric power and development of installed capacities of generating facilities have grown fivefold, the number of kilometers of transmission lines built has quadrupled, installed capacity of substations

has increased 11-fold, and the transmission capability of the system has increased 10-fold. This very rapid development of the electric power transmission system, especially the 380-kv voltage level, placed Yugoslavia even by 1978 among countries with the most highly developed systems in the world.

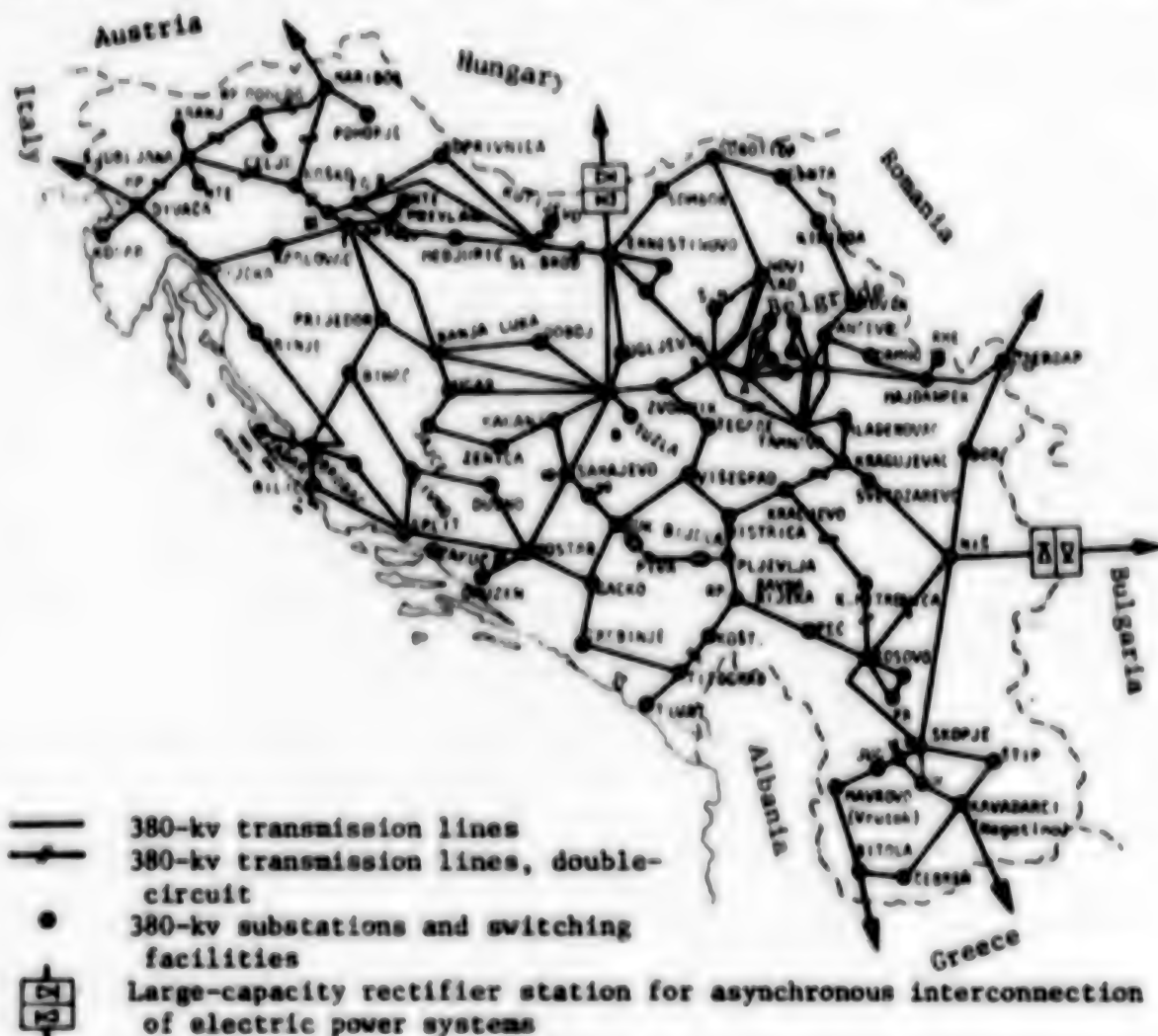


Figure 4. Yugoslavia's basic 380-kv network as anticipated in the year 2000. (The 380-kv network (Figure 3a) or 750- and 380-kv network (Figure 3b) of main transmission lines to carry power on the order of 3,000 or 4,000 MW from Kosovo to Croatia, Slovenia and Macedonia or for possible export of electric power is superimposed on this network.)

Key: RHE = reversible hydroplant
NTE = nuclear power plant

RP = switching facility



Figure 5. International electric power interconnections of systems in Europe, geographic survey of the systems.

Key: IS = Iceland; IRL = Ireland; GB = Great Britain; N = Norway; S = Sweden; SF = Finland; DK = Denmark; NL = Netherlands; B = Belgium; L = Luxembourg; F = France; P = Portugal; E = Spain; CH = Switzerland; I = Italy; A = Austria; BRD = West Germany; DDR = East Germany; CS = Czechoslovakia; PL = Poland; SU = Soviet Union; H = Hungary; YU = Yugoslavia; AL = Albania; GR = Greece; TR = Turkey; BG = Bulgaria; R = Romania.

A description is given of the shaping and development of the transmission system, especially the 380-kv system, over the period 1980-2000, with the average years 1980, 1985, 1990 and the year 2000. Taking past development

of electric power consumption and capacity as points of departure, and using up-to-date methods of forecasting them in the future, as well as experience, intuition and human assessment as essential and irreplaceable factors in forecasting, the development of electric power demand and capacity is surveyed (Table 5). A spatial distribution is made of the loads of consumers and generating facilities as adopted and their locations and possible routes for linkage of generating capacities and consumers, and a shape is given for the 380-kv network of Yugoslavia (Figures 1, 2, 3, 3a and 3b, 4 and Table 7), it being stressed that the 110-kv network is becoming more important, but as a transmission network of interest to each republic and province, while the 220-kv network will undergo little development in the future, because it is uneconomical and impractical, except in cases when the opposite is demonstrated.

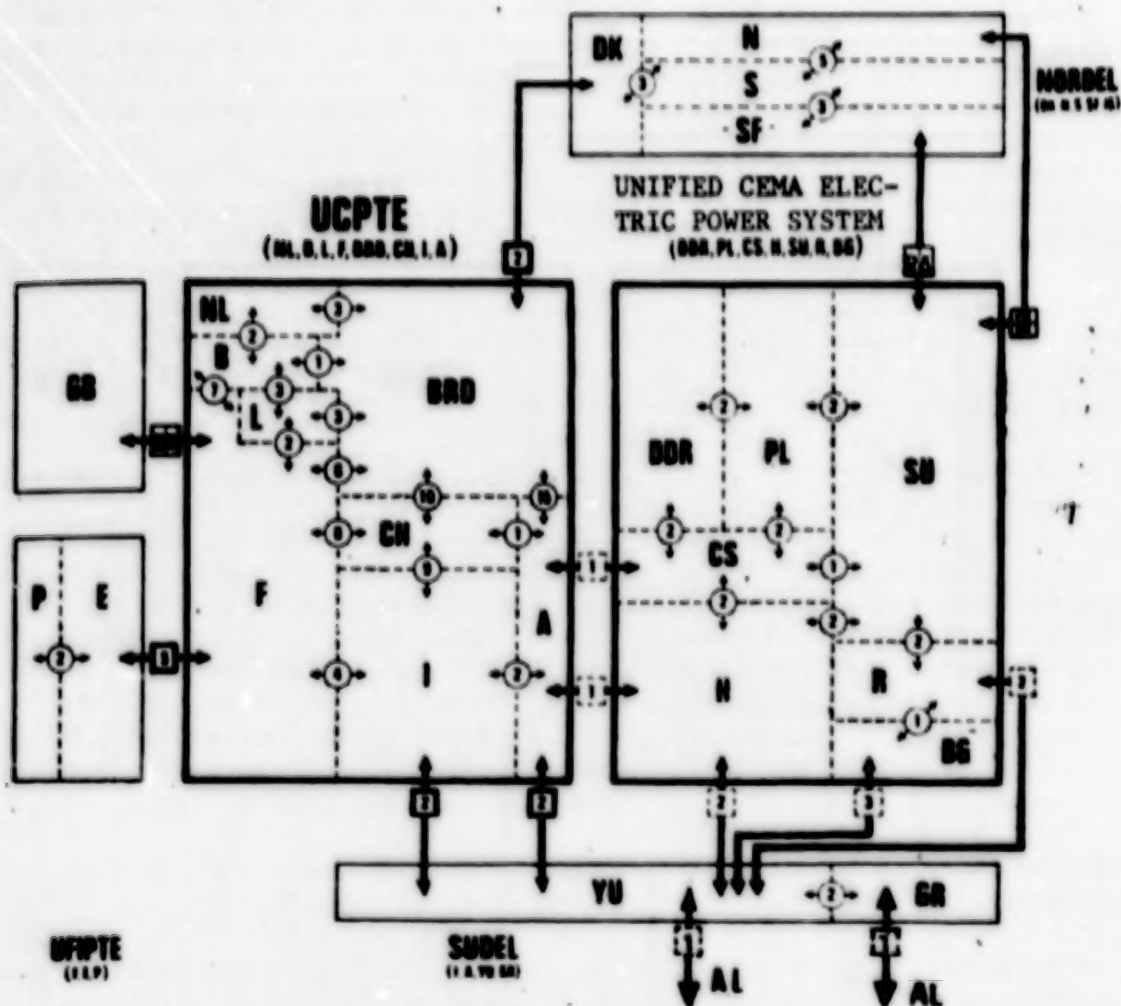
The average annual growth rate of electric power consumption and capacity is about 8.6 percent in the period 1980-2000 and about 6 percent in the period 1990-2000. The forecast growth rates are realistic and the most likely, especially in view of the energy crisis in the world and the need for the country to rely on its own sources of energy in the future. The installed capacities of generating facilities would quadruple in the period 1980-2000, and unit installed capacities of generating facilities have increased from 32 MW at the Kolubara TE in the forties to the 335 MW at Sostanj in the seventies, and a unit capacity on the order of 600 MW is even now assumed in the future at the Obrenovac TE, Kosovo TE and Tuzla TE and capacities on the order of 1,000 MW in nuclear power plants.

Development of Yugoslavia's basic 380-kv network has been conceived in three principal parts or time intervals, as follows:

The first part covers phase I of Yugoslavia's basic 380-kv network, which has been built and phase II, which is under construction--total length of 380-kv transmission lines 4,427 km, 27 substations with an installed capacity of 18,400 MVA and three 380-kv switching installations (Figure 1).

The second portion covers Yugoslavia's basic 380-kv network as it would be built up to 1985, 1990 and the year 2000 on the basis of analysis, examination of both the plans of electric power organizations of the republics and autonomous provinces and also studies which have been made--with a total length of 380-kv transmission lines 6,209 km and transformer stations with an installed capacity of 29,600 MVA (Figures 2, 3 and 4).

The third part covers Yugoslavia's supplemental network of 380-kv main double-circuit transmission lines, which needs to be built to carry additional loads from the Kosovo thermal power basin to meet the needs of Croatia, Slovenia and Macedonia (Figure 3a) or the basic 750-kv network combined with the 380-kv network (Figure 3b) to meet the needs of Croatia, Slovenia and Macedonia and for possible export of electric power to Austria, Italy and other European countries.



- ① Number of transmission lines for interconnection of electric power systems within the international electric power interconnection
- Number of transmission lines to link electric power systems with international electric power interconnections in synchronous or parallel operation
- Number of transmission lines to link electric power systems in separate or insular operation
- ↔ Installation to connect electric power systems in asynchronous operation through large-capacity rectifier stations

Figure 5a. Diagrammatic representation of the systems (intersystem long-distance power transmission lines at 65, 110, 130, 150, 220 and 380 kv), status in 1980.

The proposed conception of development of Yugoslavia's basic 380-kv network of main supplemental double-circuit lines or Yugoslavia's basic 750-kv network combined with the 380-kv network constitutes a priority task and is

relevant both from the technical and technological standpoint and also from the standpoint of power economics, and the proposed solution also meets the strategic-defense and sociopolitical criteria and requirements of the country as a whole. Construction of this network should contribute to effective realization of the country's unified energy policy toward faster reliance on domestic sources of energy in the coming period.

Yugoslavia's 380-kv network is basically shaped in the form of a ring with its transverse ties, it links the largest centers of production and consumption of electric power and capacity, thereby ensuring consumers good, safe and economical power and capacity and at the same time an interconnection with the electric power systems of all neighboring countries and with the large European interconnections UCPTE and the CEMA Unified Power System. By virtue of its shape and the junctions which are formed it also provides for any expansion and the construction and incorporation of new links as well as incorporation of the voltages 750 kv or 1,150 kv, always comprising and forming a technical and technologically unified whole, a technically and technologically unified Yugoslav electric power system.

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